Pla-Barber, J., & Escribá-Esteve, A. (2006). Accelerated internationalisation: evidence from a late investor country. *International Marketing Review*, *23*(3), 255-278.

Accelerated internationalisation: evidence from a late investor country

José Pla-Barber.

University of Valencia. Spain

Alejandro Escribá-Esteve.

University of Valencia. Spain

[Final version]

Proofs and reprint requests:

José Pla-Barber

Faculty of Economics.

Avda de los naranjos, s/n.

46022. Valencia. Spain

Tel. + 34 96 3828312. Fax + 34 96 3828333.

Jose.Pla@uv.es

Accelerated internationalisation: evidence from a late investor country

José PLA-BARBER and Alejandro ESCRIBÁ-ESTEVE.

University of Valencia. Spain

ABSTRACT

Recent studies are trying to adapt the explanation of the internationalisation process to new environmental conditions. By using cluster analysis and logit regressions in a sample of 271 Spanish export firms, this paper offers evidence of the existence of a group of firms that use a speed-up internationalisation process.

The results obtained support the claim that substantial differences do exist between Fast and Gradual Internationalising firms. The firms included in the more international active group are characterised by: (1) a proactive attitude on the part of managers with regard to internationalisation activities, (b) a strategy based on marketing differentiation advantages and (c) strong relationships with clients and suppliers, which encourage or facilitate their international activities.

These results may favour reflection upon what are the most important factors for achieving an active, international strategy and how to respond to these demands. From a politics perspective our research suggests several ways to stimulate the acceleration of the internationalisation process. Politicians must realise the importance of looking for ways of improving the promotion of business networks. The stimulation of relationships between firms will reduce the uncertainty associated with the risks of foreign operations and increase the international competitiveness of firms. Moreover, they should provide incentives for business leaders to adopt an increasingly positive attitude to the international market. Tax benefits and other incentives could be provided to increase the international work experience of managers and employees.

Key words: *internationalisation process, Born Globals, international New Ventures*

Type of Paper: Research Paper

1. Introduction

The study of the internationalisation process of firms has traditionally centred on the sequential approach proposed by the Scandinavian school (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977; 1990). The basic thesis behind this line of research is that firms have usually tended to become international in a slow and incremental manner. As the perceived risk of international operations decreases, with the accumulation of experience, the firm will commit a greater volume of resources abroad. Therefore the process of internationalisation will develop through a series of evolutionary stages clearly marked out by the passage of time. Subsequent research (Luostarinen, 1979; Swedenborg, 1982; Juul and Walters, 1987) revealed a higher degree of consistency, at least during the 1970s, with this gradual model of internationalisation, guided by the accumulation of knowledge on foreign markets.

However, several studies have emerged which either theoretically (Andersen, 1993; Casson, 1993; Cavusgil, 1994; Madsen and Servais, 1997), or empirically (Hedlund and Kverneland, 1985; Turnbull, 1987; Buckley and Chapman, 1997; Petersen and Pedersen, 1999) try to adjust the explanation of the internationalisation process to the new conditions of the present environment: greater international integration between markets, a reduction of the cost of international travel and communication enhancing the firm's ability to coordinate cross-border activities, and more widely available international managerial experience.

These researchers criticized the sequential approach as being too eclectic and mechanical, because a predictable, linear pattern of simple, orderly or progressive international development may not always occur due to intra- and inter firm variability in resource endowments, market opportunities and managerial capabilities. Thus, firms may skip stages of international development that have been observed in the past, or internationalisation may not occur in stages at all.

In this sense, the explanation of the recent and increasing phenomenon of "Born Globals / International New Ventures (INVs)"[1] challenges the traditional rationale of the internationalisation process. These firms follow an internationalisation process much faster than expected according to the Scandinavian Theory and constitute an economic phenomenon that can help us to explain why some firms achieve an international dimension much faster than others.

The aim of this study is to analyse this debate in the case of exporting firms from a late investor country. On the basis of a sample of 271 firms, we answer the following questions: Can these different patterns of fast (Fast Internationalising Firms) and gradual process of internationalisation (Gradual Internationalising Firms) be observed in a late investor country? More specifically, in such an environment, what factors determine the adoption of a more accelerated model of internationalisation?

Therefore, this study improves knowledge on the process of internationalisation in firms based in countries other than the most developed. In light of the growing significance of investments from newly liberalised countries, there is a need to learn more about the strategies and experiences of these new investors (Campa and Guillén, 1999). Singapore, Hong Kong, Republic of Korea, Ireland, Austria, New Zealand, Italy and Spain belong to the fourth stage of the *Investment Development Path* (Dunning and Narula, 1996). These countries can be referred to as "late investors" because, as a consequence of fewer endowments of created assets, they show a lower level of FDI in comparison with the level achieved by countries in the fifth stage of development (among others UK, US, France, Denmark).

[1] Born Globals or International New Ventures are firms which are becoming international from (or almost from) inception (McDougall, Shane and Oviatt, 1994; Oviatt and McDougall, 1994, 1995, 1997; Madsen and Servais, 1997; Knight and Cavusgil, 1996; Moen, 2002)

In this context, Spain has traditionally been a net recipient of foreign direct investment and has undertaken relatively little overseas investment. However, since joining the European Union, the situation has undergone changes. There is an increased awareness of foreign investment opportunities, and FDI has increased sharply. Data shows that while annual average of outward FDI flows in the decade 1985-1995 was 2312 million dollars, this average reached 43284 millions in the years 1999-2001 (UNCTAD, 2002). Hence, our study specifically compares empirical evidence from Spain with other empirical studies in order to analyse whether the process of internationalisation by Spanish firms follows the same pattern as that of firms from other countries that are more active in the international arena.

The analysis of these issues will enrich the knowledge of the internationalisation process of the firm, one of the challenges that researchers into International Business Management must face in the "era of globalisation" (Oviatt and McDougall, 1997). In fact, with the start of the new millennium, the number of young firms experiencing rapid internationalisation seems to be increasing and, therefore, a better understanding of this process would appear to be important for both researchers and practitioners (Shrader, Oviatt and McDougall, 2000).

This paper will deal with the following issues: the second section focuses on the differences between traditional explanations of the process of internationalisation and new ones, including the methodological problem of measuring the acceleration of the internationalisation process and section three reviews the factors that influence the speed of the internationalisation process and develops the hypotheses. Methodology and statistical analysis will then be explained, while the last two sections offer a discussion of the results and the main conclusions reached.

2. The process of internationalisation: sequential versus accelerated

Basically two reasonably similar lines of research have emerged in Europe and the US to explain the process of internationalisation.

The *Uppsala internationalisation model* proposes a framework based on the organisational form adopted by the firm abroad. Therefore, this model focuses its efforts on looking at international market entry and does not deal with all issues concerning internationalisation. This approach distinguishes three stages in exporting (indirect exports, exporting through independent agents, and exporting through sales subsidiaries) and a stage in which the firm even manufactures abroad (Johanson and Wiedersheim-Paul, 1975; Luostarinen, 1979). These authors highlight the critical role of the acquisition of information on foreign markets for the firm to progress through the sequence described. The Upssala model complements Aharoni (1966) and Newbould et. al. (1978). That is, the firm is ultimately expected to move from purely domestic operations to establishing host country production, based on a process of managerial learning.

The second line of research: *the innovation-related export development model* considers the internationalisation of a firm to be a process analogous to the stages of product adoption (Rogers, 1962). Based on Vernon's (1966) product life cycle mode, the innovation-related models of internationalisation consider each subsequent stage as an innovation for the firm (a new way of doing business) (Bilkey and Tesar, 1977, Cavusgil, 1984; Czinkota, 1982). Therefore, these studies attempted to reveal differences among exporting firms at varying levels of internationalisation. The basic underlying idea is that firms can be classified according to their attitude towards exporting: firms that do not export; passive or initial exporters; and active or advanced exporters. The active exporter represents the final stage that a firm can reach. It implies seeking opportunities in most markets, and usually the use of complementary forms of international development such as sales and/or production subsidiaries, contract agreements, licences, etc. Membership of one of the groups is determined fundamentally by certain managerial attitudes towards internationalisation and by factors inherent in the firm itself.

Although both models highlight the fact that the internationalisation process is highly dynamic and time-dependent, both, paradoxically, present it as a static process. These models fail because they conceive each stage as a continuum of episodes with certain parameters (type of markets, number of markets, modes of entry, etc.) open to change (Leonidou and Katsikeas, 1996). Furthermore, they do not explain why or how movement from one stage to another takes place (Andersen, 1993), nor the speed of movement at each stage (Young, 1987).

Recently, one of the clearest examples that reveal some of the limitations of earlier models is the emergence of Born Globals/ INVs. Several studies (Ganistky, 1989; McDougall et. al., 1994; Oviatt and McDougall, 1995; Bell, 1995; Moen, 2002) show the existence of firms that do not increase their degree of internationalisation by following the sequential model proposed by earlier theories. While traditional perspectives assume that firms increase their degree of internationalisation long after they have been established, it can be observed that some firms reach the stage of active exporters in a very short period of time, without passing through the previous stages. Oviatt and McDougall (1994: 49) define this type of firm as "a business organisation that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries". Similarly, Knight and Cavusgil (1996: 12) conceptualise born global firms as being “companies that operate in international markets from the earliest days of their establishment”.

However, while the underlying notion of the phenomenon of Born Globals/ INVs seems to be highly consistent and widely accepted in the literature, there are discrepancies among the different studies, especially in relation to the operationalisation of the definition. A major area of controversy is found in terms of the specific time lapse between the moment when the firm obtains its first international sales and the moment when it becomes established on the international market (*speed*). Oviatt and McDougall (1997) consider that the key variable is the existence of a high percentage of sales (*extent*) from abroad during a short period after the firm's foundation. This short period in the oldest studies is about eight years, whereas in the more recent ones this figure falls to six years or even less.

Although these two dimensions (*speed and extent*) already provide the researcher with a measurement of the degree of internationalisation, some studies suggest the use of measures that incorporate greater multidimensionality. For example, the geographical *scope* of sales also contributes some information to the character of the firm's international strategy (Turnbull, 1987; Haverston, Kedia and Davis, 2000). Cases can be found of firms that export a high volume of goods but to only one market, which would be contrary to the nature of the definition of an INV/Born Global.

This theoretical concept is essentially complex and multidimensional. Here, we would just claim that any effort in its operationalisation should be multidimensional; it should include measures indicating at least three dimensions: speed, extent and scope. As we have seen, these dimensions reveal different facets of the process of internationalisation. Extent would imply the dependence of the firm on international revenues, speed signifies the rate at which the firm enters new markets and scope could be the number of new markets that a firm has entered. This composite index, as each variable reflects different dimensions of the commitment to foreign markets, could provide a good indicator of the degree of internationalisation of the firm and, therefore of the fast or gradual process of internationalisation.

3. Drivers of the acceleration of the internationalisation process

The aim of this section is to identify some key factors as drivers of the acceleration of the internationalisation process and to predict the way in which they can achieve this. An area open to a certain degree of empirical controversy and debate among researchers is related to the considerable variety and disparity of results usually found in terms of those factors that mainly characterise the acceleration of the process of internationalisation. As most of the empirical research seems to be highly context-specific, almost every author in this field has aimed at elaborating their own list of such key factors (Rialp, et al., 2005).

For example, in the study by Moen (2002) on the characteristics that distinguish Born Global firms form the firms not classified as Born Globals, the author considers the differences related to the characteristics and the competences of the firms, their strategy and the environment in which they operate. Madsen and Servais (1997) discuss the factors giving rise to Born Globals and highlight the role of environmental factors (such as the development of information and production technology; or the reduction of trade barriers), strategic factors (increased importance of niche marketing) and renewed managerial orientation (because of the increasing number of students with international experience).

Along the same lines, from the entrepreneurial line of research, some authors have also considered the characteristics and conditions that can encourage a faster internationalisation process. For example, Vida (2000) points out that the forces behind the internationalisation process (in the retail industry) are related to firms competences and characteristics (retail-specific advantages and dimensional factors), and to international market orientation and their strategic management teams.

Moreover, relationships with other business factors have been pointed out as a crucial ingredient of every organisation's business life (Granovetter, 1985; Uzzi, 1996, 1997). In recent years, a new line of research has focused on the impact of firms' reliance on networks over entrepreneurial actions and different aspects of business performance, such as sales growth (Lee et al., 2001), innovation (Ahuja, 2000); or different issues of corporative multinational performance (Andersson et al. 1996; Forsgen et al., 2000; Andersson, Forsgen and Holm, 2002), among others. Network reliance can be looked upon as a strategic resource influencing the firm's future capabilities (Andersson, Forsgen and Holm, 2002). So, through providing access to new experiences, resources and knowledge, networks can have a leverage effect on firms' ability to penetrate international markets (Welch, Welch and Wilkinson, 1998).

So, even though there is not a sufficient consensus with regard to the factors explaining the speed of the internationalisation process, some issues that have been pointed out as the potentially main drivers of an accelerated internationalisation process can be classified as: (1) internal factors, (2) strategic factors and (3) external factors (Zahra and George, 2002; Rialp, 2005).

Thus, our theoretical framework will focus on these three issues, bringing together the most classical studies on the development of exports and the internationalisation process (Bilkey and Tesar, 1977; Cavusgil and Zou, 1994), the literature on strategic management (Porter, 1986; Prahalad and Doz, 1987; Barney, 1991), and the new issues that have been recently proposed by the network literature (Andersson et al. 2002; Granovetter, 1985; Uzzi, 1996, 1997) and on entrepreneurship research (Bloodgood, et al., 1986; Haverston, Kedia and Davis, 2000).

1. Internal factors: The management team's attitude to internationalisation

The key role played by the attitude of managers in relation to international strategy has been widely recognised and emphasised in the literature (McAuley, 1999; Knight, 2000; 2001; Moen, 2002; Dess et. al., 2003). Some firms become involved in international activities because they have been pressured by a foreign agent; though they do not truly consider internationalisation as an objective. However, there are a number of firms who are deliberately motivated towards international markets. In this last group of firms, expectations, beliefs and positive attitudes to foreign markets on the part of decision-makers will favour the firm's process of consolidation abroad. Internationalisation demands an active, committed, and entrepreneurial management. This entrepreneurial orientation emphasises risk-taking, innovation and proactiveness in international expansion (Knight, 2001). The proactive firm pursues opportunities boldly and aggressively. They have preference for high-risk projects such as internationalisation and they attempt to be first in developing new markets (Covin and Slevin, 1991; Dess et. al., 2003). To these exporters, active and entrepreneurial exporting has an important role to play in the firm's growth (Piercy, 1981).

Proactiveness is the opposite of reactiveness. Reactive export orientation implies the unplanned or defensive adoption of an international strategy, and will therefore have a less visible effect on the international consolidation of the firm. The reactive exporter sells overseas to dispose of surplus capacity or simply in response to unsolicited orders (Piercy, 1981). From these arguments, it seems logical to expect that firms with different export aspirations will adopt a different internationalisation process. Therefore, firms with higher international entrepreneurial orientation can be expected to pursue more new opportunities in foreign markets than firms with a reactive orientation. Thus, the following hypotheses are offered:

Hypothesis 1a. A proactive attitude on the part of the management team, in relation to international strategy, will increase the likelihood of adopting an accelerated internationalisation process

Hypothesis 1b. A reactive attitude on the part the management team, in relation to international strategy, will increase the likelihood of adopting a more gradual internationalisation process

Another factor usually associated with the acceleration of the internationalisation process is the transmission by the management team of a global strategic vision (Oviatt and McDougall, 1995). Conceptually, Prahalad and Doz (1987) and Porter (1986) argued that a global strategy requires the international activities of the firm to be integrated through coordination in order to develop a sustained advantage in response to cross-national competitive forces. The management team, far from thinking of a strategy centred on a particular country or culture, attempts to communicate to the whole organisation the idea that the strategy is oriented towards competing on a worldwide basis, and therefore most markets are considered similar. The product/service is designed so that it can be offered practically unmodified to the largest market segments in a large number of countries, the operating process is mechanised and the prices are established in accordance with expectations of a rapid growth of sales. Firms attempt to develop competitive positions in countries that can provide an overall global synergy to the company, whether it is through labour, market affluence, or abundant natural resources. Hence, global integration could play an integral role in how companies allocate their resources in terms of their internationalisation process. As the firm's competitive position in a country is affected largely by its competitive position in other countries, and vice-versa; the firm therefore aims to exploit its competitive advantage in most countries as rapidly as possible (Hout, Porter and Rudden, 1982).

In accordance with this argument:

Hypothesis 2. The transmission of a global strategic vision will increase the likelihood of adopting an accelerated internationalisation process.

2. Strategic factors: possession of competitive advantages

According to monopolistic advantage theory, firms can overcome some international risks if they have a particular competitive advantage that differentiates them from indigenous competitors.

The conceptual work by Porter (1986) suggests two basic dimensions along which firms can achieve competitive advantages: the cost dimension and the differentiation dimension. The former is based on the achievement of lower relative cost and the latter on the provision of superior customer value.

Preferential access to raw materials, proprietary technology, and economies of scale and scope represent sources of cost advantage. These advantages have been used by traditional multinational corporations in the past. INV, however, are handicapped by both their inexperience and, usually, their small size (Oviatt and McDougall, 1995). Therefore, young firms have traditionally been advised to pursue differentiation as a means of competing against larger, established firms.

This differentiation strategy requires firms to create something, either a product or a service, which is recognized industrywide as being unique. According to Porter (1986), this strategy emphasizes strong marketing abilities, creative, well-designed products, a reputation for quality, a good corporate image, and strong cooperation from marketing channels. However, a number of strategy researchers have argued that Porter's concept of differentiation advantage is too broad to be used as a composite construct (Miller, 1986; 1988; Minztberg, 1988; Kotha, S and Vadlamani, B; 1995). Therefore, following the ideas of Miller (1986), we treat differentiation as comprising two dimensions. The first, based on the use of marketing techniques to achieve perceptual differentiation, is labelled marketing differentiation. This dimension refers to carving out a psychological niche in the minds of buyers, often through advertising. The second, based on product innovation, is labelled technological differentiation. In contrast, technological differentiation requires the enhancement of products, features and design configurations through R&D and product development. In terms of Mintzberg (1988:20) "offering something that is truly different, that breaks away from the domain design, to provide unique features"[2]. These two dimensions of differentiation advantages have been used in the literature on INV by Knight (2000; 2001), Moen (2002), Knight, Madsen and Servais (2004), among others.

A priori, these competitive advantages should permit organisations with more constrained resources, such as INV, to enter the international arena. These competitive firms are expected to be more likely to try to use their differentiation advantages to build a position in international markets. Moreover, the short period of time employed in exploiting these advantages in many countries allows a certain additional advantage over competitors or possible imitators

Knight, Madsen and Servais (2004) pointed out that marketing differentiation was a particularly key factor of international success in INV. The results presented by Knight (1997) supported the relevance of both marketing and technological based differentiation, and placed a clearly higher focus on both types of differentiation in especially high performing INV rather than on traditional exporters. Bloodgood et. al., (1996) has found that new ventures overcome the

[2] The literature offers examples of the two differentiation strategies. Miles and Snow's (1978) prospectors and Miller and Friesen's (1984) S1B adaptive firms and S5 innovators pursue strategies of innovative differentiation. Miller and Friesen's (1984) S1A adaptive firms and S3 mature giants pursue strategies of marketing differentiation (Miller, 1988).

disadvantage of small size through the use of a unique, core technology. Rennie (1993) found as well that firms with high levels of foreign exports often offered leading edge technology. Along the same lines, Eriksson et al. (1997) showed that high tech firms with a high level of technological intensity had lower perceived costs of international expansion than high tech firms with lower levels. In the same vein, Autio et. al. (2000) validated that the earlier in its existence that an innovative firm manages to become internationalised, the faster it is likely to grow, both overall and in foreign markets

Hence:

Hypothesis 3a. Marketing Differentiation Advantages will increase the likelihood of adopting an accelerated internationalisation process.

Hypothesis 3b. Technological Differentiation Advantages will increase the likelihood of adopting an accelerated internationalisation process.

3. External factors: networks

The number of relationships that a firm establishes, not only with their suppliers and customers, but also with competitors and a whole series of institutions, such as governments, universities or financial institutions, will condition their strategies. On occasions, these relationships also extend indirectly to their suppliers' suppliers, their customers' clients, etc. In general, this web of commercial, informative and social relationships which directly or indirectly connects the different members of an industrial system defines what we understand by a network (Johanson and Mattsson, 1988, Johanson and Vahlne, 1990; D'Cruz and Rugman, 1992).

The relations established with the other members of the network allow access to new experiences, resources and knowledge which could not have been obtained by acting in isolation. These factors can have a leverage effect on the firm’s ability to penetrate international markets

(Welch, Welch and Wilkinson, 1998). Therefore, in those firms that undertake an accelerated internationalisation process, any relationships that the entrepreneurs/managers may have established with the members of the network will mitigate the unfavourable effect of the lack of international experience. In this sense:

Hypothesis 4. The intensity of the "network" of relationships established with customers, competitors, suppliers and institutions will increase the likelihood of adopting an accelerated internationalisation process.

4. Control variables: technological intensity of sector and size

The nature of the sector and the size of the firm have also traditionally been considered as factors that could influence the acceleration of the internationalisation process.

On the one hand, the appearance of firms that developed a fast internationalisation process (Born Globals/ INVs) was initially associated with technologically-intensive sectors such as computers, medical equipment, optics or mobile telephones (Oviatt and McDougall, 1995, Bell, 1985). However, the most recent evidence shows that this phenomenon is emerging in a wider range of industries, regardless of their technological intensity. Moreover, the influence of the nature of the sector is likely to vary according to national characteristics. For example, the study by Madsen and Servais (1997) was largely conducted in Denmark, a country with a small national market. Accordingly, a much higher proportion of firms in general are necessarily engaged in international business than is found in bigger markets. On the other hand, research in the USA suggests that Born Globals/ INVs are most commonly found among the high technology sectors. Therefore, the technological intensity of the sector does seem to influence the likelihood of speeding up the process of internationalisation.

Moreover, some studies have suggested that limits on the availability of financial and managerial resources force small-sized firms to operate through strategies based on the minimization of risk and commitment. This embeddedness could have some influence over the speed of the internationalisation process. However, if large size were a requirement for multinationality, Born Globals/ INVs would seldom form because they are almost always small organisations (Oviatt and McDougall, 1994). Thus, despite the fact that size is the main, firm-specific variable that has explained multinationality, large multinational size may be both a cause and an effect of international competitive advantage.

4. Methodology and statistical analysis

Sample and data collection

Data was collected by targeting Spanish exporters whose volume of sales for 1996 included at least 25% of exports[3]. In this way we eliminated those firms that had isolated activities abroad.

The sampling plan and method involved a stratified random sample of companies based on the share of each industry in the Spanish Economy.

Given the focus of this study, the key informants were those in the MNC that had appropriate knowledge on the research issues and that were both willing and able to provide information by answering the questionnaires. In most cases, the relevant person was the managing director or the company owner.

We sent 1,500 questionnaires. Three months after the initial mailing, a reminder letter and 500 questionnaires were sent to the non-respondents. Overall, 274 responses were received to the mail

3 Firms are 100% Spanish-owned. Spanish firms are quite ethnocentric and therefore, in this sample, top management teams are Spanish in 95% of cases.

survey (13.7%). Of these, 4 were unusable, leaving 271 (13.5%) valid responses for evaluation. The effective response rate is well within the range expected for similar samples used in Spain (Entrialgo, 2002; García-Canal, Valdés and Ariño, 2003). The final sample was spread across the following industry groups, which represents every kind of commercial activities in accordance with the structure of the Spanish Economy: food and kindred products (25), textile mill products, apparel and other textile products (35), lumber, wood products, furniture and fixtures (27), publishing (11), chemicals (11), rubber and plastic products (15), leather (15), stone and glass products (23), metal products (19), measurement and optical equipment (15), electronic equipment (21), transportation equipment (15), machinery (29), wholesalers (10).

Questionnaires were analysed using the time trend procedure proposed by Armstrong and Overton (1977). Analysis indicated no significant differences in the variables of interest between late and early respondents. Additionally, responding firms were compared to a random sample of 30 non-respondents regarding size, percentage of exports and the year they were founded. No significant differences were found ($p<.05$), providing no evidence for non-response bias. Finally, those variables from the survey responses were cross-checked against company reports and published data where possible. A high degree of correspondence between published data and survey responses was found, supporting the veracity of the survey responses.

Table 1 reflects some of the sample characteristics.

[Insert table 1 here]

<u>Measures</u>

<u>Dependent Variable: degree of internationalisation of the firm</u>

The identification of groups of firms with a similar degree of internationalisation is based on cluster analysis. Within the realm of cluster analysis, k-means method and its variants are the most frequently used. Depending on the number of clusters, k-means clustering can have higher accuracy than hierarchical methods. This technique can also accommodate large sample data (Hair et. al, 1999). A two-cluster solution was chosen. Several criteria guided the choice of the two-cluster solution: (a) the two-cluster solution fits the theoretical model, (b) it generates a solution in which the firms had a relatively even distribution among the clusters, and (c) the clusters were well-separated, based on the Euclidean distances from their centres.

On the basis of the theoretical review, clusters were constructed using the following variables: (a) time elapsed since the year firms were founded until the first year of exporting (SPEED), (b) percentage of exports (EXTENT) and (c) the number of countries to which it exports (SCOPE). Table 2 presents measurements and descriptive statistics of the previous variables.

[Insert table 2 here]

To verify whether the historical context in which the firms were created had any influence on the internationalisation process, three analyses were run: a) for the whole sample, b) for the firms created before 1975, c) for those created since 1975. The latter year was considered to be a significant historical watershed, as from the mid-1970s the country was democratised, the economy opened up and the possibility of joining the European Union began to emerge. Moreover, in the second half of that decade, Spanish industry experienced definitive advancements in its level of specialisation, as of 1985, when it reached an equivalent production capacity of 96% of its consumption. This progression came about as an overall consequence of the forceful propensity to export. Figures doubled in only a decade, substantially improving the commercial balance of the country.

Table 3 shows the result of the three-cluster analysis along with mean cluster scores. Differences between the clusters are measured by the F-statistic with the statistical significance indicated by the *p* values.

[Insert table 3 here]

Very large differences were found among the firms on the variables used in the analysis. We can observe that, in all three analyses, the results show the existence of a group of firms that follow a fast internationalisation process (they begin to export at an earlier stage, reach a high volume of foreign sales and are present in a large number of countries) and a group that follows a much slower process. It can also be seen that the stage for starting to export is much sooner after 1975 (on average *1-6 years* as opposed *7-10* years in the fast groups, and *7-10 years* compared to *over 20 years* in the slow groups).

Independent Variables

All questions were presented in the form of a 5-point scale where “1”=very little importance and “5”=very great importance.

Managers' Attitude (proactiveness versus reactiveness)

To assess managers’ attitude to internationalisation, respondents marked an 8-item scale based on Weinstein (1977). The scale measures decision-makers' perceptions of the motives for exporting: a) there were growth opportunities in foreign markets, b) the risk of operating in only one market was very high, c) there was a change of attitude regarding the advantages of exporting, d) international competence was high, e) the local market was saturated, f) reduction of legal and/or cultural barriers between countries, g) they were producing more than they could sell, h) sporadic orders from foreign customers.

To extract the proactiveness/reactiveness dimensions, we applied exploratory factor analysis using principal component analysis. Two factors emerged by examining *Eigen-values* with 1.00 as a cut-off. These two initial factors were refined using confirmatory factor analysis in EQS. Results indicated that 2 items (d and h) had to be removed. The fit of the remaining items was adequate (GFI=0.962; AGFI=0.885; SRMR=0.08). Cronbach alpha reliability coefficients were of an acceptable level for exploratory research (proactive attitude=0.638; reactive attitude=0.641).

Managers' Attitude (Global Strategic Vision)

This factor was constructed using the Roth, Schweiger and Morrison (1991) five-item scale on global integration. Confirmatory factor analysis indicates satisfactory convergent validity (GFI=0.941; AGFI=0.893; SRMR=0.08). Reliability was acceptable (alpha=0.774).

Differentiation advantages (marketing /technology)

As above, to extract the dimensions of differentiation advantages, exploratory factor analysis was applied to a 5-item scale based on strategy research. These questions measuring competitive advantage have been used in previous research by Miller (1996), Moen (2000), Knight (1997, 2000), Knight et al. (2004). Selected items were: a) perceived reputation of design, quality and style of the firm's products; b) international recognition of the brand; c) level of novelty of the process and/or service involved in the international activity; d) perception of the importance of technological innovation; e) volume of investment in R+D.

The two resulting factors were marketing differentiation (items a and b) and technology differentiation (items c, d and e). Confirmatory factor analysis indicated an acceptable fit and that modifications were not necessary (GFI=0.998; AGFI=0.941; SRMR=0.045). Cronbach alpha coefficients indicate acceptable reliability (Marketing differentiation=0.853; Technological differentiation=0.733).

Relationship networks

Four indices of 2 items each were built based on the definition of network used by D'Cruz and Rugman (1992). Managers had to evaluate the degree of international participation of their main suppliers, customers, competitors and institutions; as well as the influence and importance that these relationships had in their internationalisation process. Confirmatory factor analysis attained adequate fit, indicating satisfactory convergent validity (GFI=0.969; AGFI=0.931; SRMR=0.032). Finally, the alpha values ranged from 0.658 to 0.800.

Table 4 shows reliability indicators, standardised item coefficient values, as well as descriptions of the questionnaire scales.

[Insert table 4 here]

Control variables

The firms were classified: a) in terms of technological intensity, according to OECD (2001) and b) in terms of their size, following the employee criterion established by the European Commission Recommendation (Do L 107, of 30.4.1996, pag.4).

[Insert table 5 here]

Statistical analysis

Logit regression was used in order to verify the influence of the factors indicated on each of the groups defined by the dependent variable. Prior to running the logistical regression analysis, we prepared a correlation test to look for possible signs of multicollinearity. As can be seen in table 6, none of the relationships between the independent variables appeared to be large enough to warrant concern for multicollinearity (Hair et al., 1999).

[Insert table 6 here]

Table 7 shows the parameter estimates for the binomial logistic regression. The table gives the values of the coefficients and the level of significance measured by a two-tail Student's T-test. In addition, the number of cases correctly predicted by the model and the values of the likelihood function are also shown. Because the dependent variable is equal to one when the firm belongs to a "fast group" of internationalisation, a positive coefficient implies that the higher the corresponding variable, the more likely the firm will be classified in groups of an accelerated internationalisation process. On the contrary, negative coefficients indicate that higher values of the corresponding variable favour a slow process of internationalisation.

[Insert table 7here]

5. Discussion of results

The three regression models have a significant explanatory power with χ^2 of 62.04 ($p<.001$), 36.61 ($p<.001$) and 42.7 ($p<.001$) respectively, and with percentages of correct classification that vary from 68.6% to 79%.

The logistic regression provided support for a number of our hypotheses. <u>Hypothesis 1</u> cannot be rejected because the relationships obtained are significant and behave as expected. The positive/proactive attitude of managers towards international strategy increases the likelihood that the firm will adopt an accelerated internationalisation process, while a passive or negative attitude implies a much slower development. These relationships are clearly significant in the three models, so their influence persists over time, regardless of when the firm was founded. Therefore, the top management team's attitude is a key resource for internationalisation.

According to the formulation of <u>hypothesis 2,</u> we expected that the management team of firms that follow a rapid internationalisation process would have a global strategic vision.

However, the results are not significant in any of the models. Therefore, even though the process is accelerated, firms continue to regard each national market as different, and adapt to them. As we will see below, this may be related to the competitive advantages associated with marketing differentiation, which allow greater possibilities for adaptation than those whose origins lie in technological differentiation.

With regard to hypotheses 3a and 3b, the results indicate that the acceleration of the internationalisation process of the firms in the sample is associated with marketing differentiation, and not with technological differentiation. While the first factor is significant and results are as expected in all three models, the second factor is not significant in any of them. Therefore, the competitive advantage associated with firms that follow a rapid internationalisation process is strongly linked to policies on brand, design, style and quality. This finding is consistent with our argument that some firms become international earlier in order to exploit a distinctive competence. It is possible that firms are moved to internationalise early when their products are perceived by management to be particularly unique.

The results obtained in these two hypotheses may reflect the weaknesses and strengths traditionally associated with Spanish firms. It is evident that many of them have implemented product differentiation policies, but there still persists the historical dependence on the "technological leaders" originated in other countries, where science and technology policies have been much more active.

The relationships proposed in hypothesis 4 were partially confirmed. Firstly, the influence of the different members of the network is not equal. When an accelerated internationalisation process is adopted, the role played by customers and competitors is much more important. In the general model, these two variables are positive and significant (.177, $p<.001$; .208, $p<.05$).

However, the influence of the customer network (.239; $p<.001$) is greater in those firms founded before 1975; while the impact of the competitor network (.408, $p<.001$) is higher in those created afterwards. This different importance allows us to see the influence of the historical context. Before 1975, when international competition was less intense, interactions with customers were the fundamental relationships involved in accelerating the internationalisation process. This is consistent with the hypothesis of the "follow-the-customer" strategy for internationalisation. In more recent years, the globalisation of the economy, together with the liberalisation of the Spanish market means that most firms face stiff international competition. More intense competition leads to the disappearance of the home-market. If a market is seen as profitable, overseas firms will be active on the market within a short time. In this context, relationships with competitors, whether positive or negative, have forced firms to react rapidly, even more if we take into account the late arrival of internationalisation in Spain, and the size of Spanish firms compared to other international competitors.

The outcome of the supplier network impact is opposite to what was expected. In this case, the influence of suppliers increases the likelihood of adopting a slower internationalisation process (-.121, $p<.05$; -.220, $p<.001$). The influence of the supplier network may be greater if the firm imports, and such relationships may even make the firm see selling abroad as an attractive option, but these do not constitute true driving forces revolutionising the internationalisation process.

Finally, the network of institutions is not significant in any of the models. We believe that this might be a consequence of the characteristics of our sample. Although we have distinguished two groups, it should not be forgotten that they are the most active Spanish firms most in international markets, all with exports figures of over 25% of total sales. These exporters are unlikely to seek help from institutions because what they really seek to do is to overtake their Spanish competitors. If this is not the explanation, the low valuation of institutions would indicate problems in policies that promote exports.

The technological intensity of the sector and the size of firms are not significant in any of the models. These results suggest that the existence of firms that adopt a faster internationalisation process is not related to the technological nature of the sector or to the size of the firm.

6. Conclusions

This study has identified the existence of firms that adopt an accelerated internationalisation process in a late investor country and it has shown which factors have an influence over this process.

We have found that, independently of when they were founded, there are firms that adopt a very rapid internationalisation process. They begin to export at an early stage and devote substantial efforts to the international arena. Therefore, our results suggest that firms from a late investor country do not necessarily need to follow a slow, sequenced pattern to enter international markets effectively. In this sense, this study enriches the literature on the internationalisation process, considering the forces behind an accelerated process of internationalisation and the impact of special domestic-market conditions.

The results obtained uphold the theory that substantial differences do exist between fast and gradually internationalizing firms. The acceleration of the internationalisation process is linked to:

- A proactive attitude on the part of the managers of the organization (Knight and Cavusgil, 1996, Madesen and Servais, 1997, Moen, 2002)

- A strategy based on marketing differentiation (Bloodgood et al., 1986; Oviatt and McDougall, 1995; Knight, 2000)
- A substantial influence of the network of relationships with customers and competitors (Bell, 1995; Oviatt and McDougall, 1994, 1995).
- Any sector, independent of its technological nature (Moen, 2002, McDougal et. al., 1994)

In addition, in the case of Spain, it has been found that the variables "*technological differentiation*", "*global strategic vision*", "*influence of institutions*" and "*size*", had no effect on the speed of the internationalisation process.

In relation to the historical context in which the firm was created, several effects have been observed, in both dependent and independent variables:

- The difference between the year the firm was founded and the year it began to export tends to decrease as time goes on. This indicates the increasing importance of the acceleration of the internationalisation process in more recent years.
- The influence over time of the independent variables does not change when we refer to the attitude of managers and to marketing differentiation policies, but it is, on the other hand, made patent in the influence exercised by networks. Before 1975, the customer network is all-important, whereas the network of competitors only became so after this date.

Limitations and further research

When interpreting the results of the study, researchers should be aware of certain factors that might limit the inferences that may be drawn.

With respect to factors of influence, it has not been possible to incorporate the personal characteristics of the decision-makers, e.g. the number of languages they speak, periods living in other countries, nationality, level of education, etc., as is usually done when studying this phenomenon from the entrepreneurial perspective. Indirectly, we have assumed that these factors would in some way be reflected in the valuation of the proactive/reactive/ globalisation variables made by the decision-maker; however future studies should try to measure these variables directly.

Furthermore, our study is based on the opinions of a single respondent in each firm when it is assumed that decisions on internationalisation are usually made by several people. Also, since the study was conducted *post-hoc,* some responses may be reflective of retrospective rationalisations of the influence and importance of certain variables. It may also be that the cross-sectional nature of the research design did not allow us to fully capture the dynamics inherent in internationalisation. The use of longitudinal cases studies identified as Fast Internationalising Firms may detect errors in the appreciation of some of these variables, as well as the incorporation of new factors.

Future research could proceed in various directions. One is to expand the analysis, theoretically and empirically, to examine other national contexts and to include other external factors that we did not include (e.g. institutional environment, limited domestic growth, intensity of domestic competition). A more holistic understanding of accelerated intenationalisation processes should be encouraged and stressed. The very diverse conceptual approaches may explain the lack of a fully explanatory model of this phenomenon.

Another limitation concerns performance. Given the dynamism that characterises international business environments, it may be important to investigate differences between Fast and Gradual firms in terms of survival and financial outcomes. Also, we do not know if institutional agents teach these INV, once they are established, in order to resemble other firms in the same sector.

However, in spite of these limitations, our results enable us to advance in our knowledge of a relatively unexplored issue in the context of a late investor country. In the academic field they may serve as a reference to enrich a topic of study where the majority of previous research has looked mainly at foreign development by firms based in the most advanced countries. In the managerial sphere, they may favour reflection upon what are the most important factors for achieving an active international strategy and how to respond to these demands. From a policy perspective, our research suggests ways of stimulating the acceleration of the internationalisation process. Politicians must realise the importance of looking for ways of improving the promotion of business networks. The stimulation of relationships between firms will reduce the uncertainty regarding the risks of foreign operations and increase the international competitiveness of firms. Moreover, they should provide incentives for increasing a positive international attitude among business leaders. Tax benefits and other incentives could be provided to increase the international work experience of managers and employees.

In short, this work suggests that it can be more usual than expected to find circumstances that speed-up the process of internationalisation in late investor countries.

Bibliography

Aharoni, Y. 1966. *The Foreign Investment Decision Process*. Boston: Harvard Graduate School of Business Administration, Division of Research.

Ahuja, G. 2000: Collaboration networks, structural holes and innovation: a longitudinal study, Administrative Science Quarterly, 45 (3), 425-455

Andersen, O. 1993. On the Internalisation Process of firms: a critical analysis. Journal of International Business Studies, 24, 209-231.

Andersson, U. and Forsgren, M. 1996. Subsidiary embeddedness and control in the multinational corporation. International Business Review, 5 (5), 487-508

Andersson, U., Forsgren, M. and Holm, U. 2002. The Strategic impact of external networks: subsidiary performance and competence development in the multinational corporation. Strategic management journal, 23, 979-996.

Armstrong, J. S. and Overton, T. 1997. Estimating non-response bias in mail surveys. Journal of Marketing Research, 14, 396-402.

Autio, E., Sapienza, H. and Almeida, J. G. (2000). Effects of age at entry, knowledge intensity and imitability on internacional growth. Academy of Management Journal, 43: 909-924.

Barney, J. 1991. Firm Resources and Sustained Competitive Advantage. Journal of Management, 17, 99-120.

Bell, J. 1995. The internationalisation of Small Computer Software. European Journal of Marketing, 29, 8, 60-75.

Bilkey, W. J., Tesar, G. 1977. The export behaviour of smaller sized Wisconsin manufacturing firms. Journal of International Business Studies, 8, 93-98.

Bloodgood, J., Sapienza, H. Almeida, J. 1996. The internationalization of new high-potential U.S. ventures: Antecedents and outcomes. Entrepreneurship, Theory and Practice, 20, 61-71.

Buckley, P., Chapman, M. 1997. A longitudinal Study of the Internationalisation Process in a Sample of Pharmaceutical and Scientific Instrument Companies. Journal of Marketing Management, 13, 43-55.

Campa, M., Guillén, J. M. 1999. The Internalization of Exports: Firm- Location-Specific Factors in a Middle-Income Country. Management Science, 45, 11, 1463-1478.

Casson, M. 1993. Why are firms Hierarchical?. Discussion papers in Economics, 273. University of Reading.

Cavusgil, S. T. 1984. Differences Among Exporting Firms Based on their degree of Internationalisation. Journal of Business Research, 12, 195-208.

Cavusgil, S. T., Zou, S. 1994. Marketing Strategy Performance Relationship: An Investigation of the Empirical Link in Export Marketing Ventures. Journal of Marketing, 58, 1-21.

Covin, J., Slevin, D. 1991. A conceptual model of Entrepreneurship as firm behaviour. Entrepreneurship, Theory and Practice, 16, 7-25.

D'Cruz, J. and Rugman, A. 1992. Business Networks for International Competitiveness. Business Quarterly, 56, 4, 101-107.

Dess, G., Ireland, R., Zahra, S., Floyd, S., Janney, J., Lane, P. 2003. Emerging Issues in Corporate Entrepreneurship. Journal of Management, 29(3), 351-378.

Dunning, J., Narula, R. 1996. Foreign Direct Investment and Governments. Routledge.

Entrialgo, M. 2002. The impact of the alignment of strategy and managerial characteristics on Spanish SMEs. Journal of Small Business Management, 40 (3), 260-270.

Eriksson, K., Johanson, A., Majkgard, A., Sharma, D. 1997. Experiential Knowledge and Cost in the internationalization process. Journal of International Business Studies, 28 (4): 807-825.

Ganitsky, J. 1989. Strategies for Innovative and Adoptive Exporters. International Marketing Review, 6, 5, 50-65.

García-Canal, E. Valdés, A., Ariño, A. 2003. Effectiveness of Dyadic and Multi-Party Joint Ventures. Organization Studies, 24 (5), 743-770.

Granovetter, M. 1985: Economic action and social structure: The problem of Embeddedness. American Journal of Sociology, Vol. 91, 481-510.

Grant, R. M. 1996. Toward a Knowledge-based theory of the firm. Strategic Management Journal, 17 (Special Issue), 109-122.

Hair, J., Anderson, R., Tatham, R., Black, W. 1999. Multivariate Data Analysis. Madrid: Prentice Hall.

Harveston, P., Kedia, B., Davis, P. 2001. Internationalization of Born Global and Gradual Globalizing Firms: The impact of the Firm-Specific Advantage. Frontiers on Entrepreneurship Research. Babson College.

Hedlund, G., Kverneland, A. 1983. Are Establishments and Growth Strategies for Foreign Markets Changing? Paper presented at the 9th European International Business Association Conference. December. Oslo.

Hout, T., Porter, M. E., Rudden, E. 1982. How Global Companies Win Out. Harvard Business Review, September-October, 98-108.

Hymer, S. 1976. The International Operations of National Firms: A Study of Direct Foreign Investment. MIT Press.

Johanson, J., Mattson, L. G. 1988. Internationalisation in Industrial Systems-A Network Approach, in N. Hood and J. E. Valhne, ed.) Strategies in Global Competition. Croom Helm. Dover.

Johanson, J., Vahlne, J. E. 1977. The Internationalisation Process of the Firm- A model of Knowledge Development and Increasing Foreign Market Commitment. Journal of International Business Studies, 8, 23-32.

Johanson, J., Vahlne, J. E. 1990. The mechanism of internationalization. International Marketing Review, 7, 4, 11-34.

Johanson, J., Wiedersheim-Paul, F. 1975. The Internationalisation process of Firms: Four Swedish Case Studies. Journal of Management Studies, 305-22.

Juul, M., Walters, P. G. 1987. The Internationalisation of Norwegian Firms-A study of the U.K. experience. Management International Review, 27, 58-66.

Katsikeas, C., Deng, S., Wortzel, L. 1997. Perceived Export Success Factors of Small and Medium Sized Canadian Firms. Journal of International Marketing, 5, 4, 53-72.

Knight, G. 1997. Emerging paradigm for international marketing: The born global firm. PhD thesis. Michigan State University, USA.

Knight, G. 2000. Entrepreneurship and Marketing Strategy: the SME under globalization. Journal of International Marketing, 8/2, 12-32.

Knight, G. 2001. Entrepreneurship and Strategy in the international SME. Journal of International Management,

7/4.14-41.
Knight, G., Cavusgil, T. 1996. The Born Global Firm: A Challenge to Traditional Internationalization Theory. In: S. Cavusgil, T. Madsen (Eds.), Advances in International Management. Grenwich, CT: JAI Press.
Knight, G., Madsen, T. and Servais, P (2004): An inquiry into born-global firms in Europe and the USA. International Marketing Review, 21, 6: 645-665.
Kogut, B., Zander, U. 1993. Knowledge of the firm and the Evolutionary Theory of the Multinational Corporation. Journal of International Business, vol. 30, 1, 1-24.
Kotha, S. and Vadlamani, B. (1995) Assesing Generic Strategies: An empirical Investigation of two competing typologies in discrete manufacturing industries. Strategic Management Journal, 16; 75-83
Lee, C., Lee, K. Pennings, J. M. 2001. Internal capabilities, external networks and performance: a study on technology based ventures. Strategic Management Journal, 22, 615-640.
Leonidu, L., Katsikeas, C. 1996. The Export Development Process: An Integrative Review of Empirical Models. Journal of International Business Studies, Third Quarter, 517-551.
Luostarinen, R. 1979. The Internationalization of the Firm. Acta Academica O economica Helsingiensis, Helsinki.
Madsen, T. K., Servais, P. 1997. The internationalization of Born Globals: an Evolutionary Process?. International Business Review, 6, 6, 561-583.
McDougall, P.; Shane, S., Oviatt, B. 1994. Explaining the formation of International New Ventures: The limits of Theories from International Business Research. Journal of Business Venturing, 9, 469-487.
Miller, D. (1986): Configurations of Strategy ansd Structure: Towards a Síntesis. Strategic Management Journal, vol. 7, 233-249.
Miller, D. (1988): Relating Porter’s Business Strategies to Environment and Structure: Analysis and Performance Implications. Academy of Management Journal, 31,2: 280-308.
Mintzberg, H. (1988): Generic Strategies: toward a comprehensive framework. Advances in Strategic Management, vol. 5: 1-67. Greenwich, CT: JAI Press
Moen, O. 2002. The Born Globals: a new generation of small European exporters. International Marketing Review, 19/2, 156-175.
Newbould, G.; Buckley, P. y Thurwell, J. 1978. *Going International: The Experience of Smaller Firms*. London: Associated Business Programmes.
Nunnally, J. 1978. Psychometric Theory. New York: McGraw-Hill..
OCDE 2001. Science, Technology and Industry Scorecard 2001. Paris: OCDE.
Oviatt, B., McDougall, P. 1994. Toward a Theory of International New Ventures. Journal of International Business Studies, 25, 1, 45-64.
Oviatt, B., McDougall, P. 1995. Global start-ups: Entrepreneurs on a worldwide stage. Academy of Management Executive, 9, 2, 30-43.
Oviatt, B., McDougall, P. 1997. Challenges for Internationalization Process Theory: The case of International New Ventures. Management International Review, 37, Special Issue, 85-99.
Petersen, B; Pedersen, T. 1999. Fast and slow resource commitment to foreign markets. What causes the difference? Journal of International Management, 5, 73-91.
Piercy, N. 1981 Company Internationalisation: Active and Reactive Exporting. European Journal of Marketing, 15 (3), 26-41.
Porter, M., 1986. Competitive Advantage of Nations. Boston: Harvard Business School Press.
Prahalad, C. K., Doz, Y. (1987). The Multinational Mission: balancing local demands and global vision. New York: The Free Press.
Ramaswani, K., Kroeck, G., Renford, W. 1996. Measuring the Degree of Internationalization of a Firm: A comment. Journal of International Business Studies, First Quarter, 167-177.
Rennie, M. 1993. Global competitiveness: Born Global. McKinsey Quarterly, 4, 45-52.
Rialp, A.; Rialp, J. and Knight, G. 2005. The phenomenon of early internationalizing firms: what do we know after a decade (1993-2003) of scientific inquiry? *International Business Review*, 14, 2: 147-166.
Rogers, E. 1962. *Diffusion of innovations*. New York: The Free Press.
Rogers, E. M. 1962. *Diffusion of Innovations*. New York: Free Press.
Roth, K.; Schweiger, D., Morrison, A. 1991. Global Strategy Implementation at the Business Unit Level: Operational Capabilities and Administrative Mechanisms. Journal of International Business Studies, 22, 3, 369-401.
Sharader, R., Oviatt, B., McDougall, P. 2000. How New Ventures exploit trade-offs among international risk factors: lessons for the accelerated internationalization of the 21st century. Academy of Management Journal, 43 (6), 1227-1247.
Sullivan, D. 1994. Measuring the Degree of Internationalization of a Firm. Journal of International Business Studies,

Second Quarter: 325-342.
Swedenborg, B. 1982. The Multinational operations of Swedish Firms. Almqvist and Wiksell. Stockholm.
Turnbull, P. W. 1987. A Challenge to the Stages Theory of Internationalization. In: P. J. Rosson, S. Reed, (Eds.), Managing Export Entry and Expansion. Praeger. New York.
UNCTAD 2002. World Investment Report 2002: Transnational Corporations and Export Competitiveness. New York: United Nations publications.
Uzzi, B. 1996. The sources and consequences of embeddedness for the economic performance of organizations: the network effect. American Sociological Review, 61, 674-698.
Uzzi, B. 1997. Social Structure and Competition in Interfirm Networks: The paradox of Embeddedness. Administrative Science Quarterly, 42 (1), 35-67.
Vernon, R. 1966. International Investment and International Trade in the Product Cycle. *Quaterly Journal of Economics*, vol 80 (1), 190-207.
Vernon, R. 1966. International Investment and International Trade in the Product Cycle. Quarterly Journal of Economics 80, 2, 190-207.
Vida, I. (2000). An empirical inquiry into international expansion of US retailers. International Marketing Review.Vol. 17,(4/5); 454
Weinstein, A.K. 1977. Foreign investments by service firms: the case of multinational advertising agencies. Journal of International Business Studies, vol. 8, nº 1, pp. 8-25.
Welch, D., Welch, L., Wilkinson, I. 1998. The Importance of Networks in Export Promotion: Policy Issues. Journal of International Marketing, 6, 4: 66-82.
Young, S. 1987. Business Strategy and the Internationalization of Business: Recent approaches. Managerial and Decisions Economics, 8, 31-40.
Zahra, S. A. and George, G. 2002. International entrepreneurship: the current status of the field and future research agenda, in M. Hitt, R. Ireland, M. Camp & D. Sexton (eds.), Strategic leadership: creating a new mindset (pp. 225-288). London: Blackwell.

Table 1: Sample Characteristics

Company characteristics (N: 271)	**Mean**	**Standard Deviation**	**Median**	**Minimum**	**Maximum**
Foreign sales (%)	54.38	23.17	52.17	25	100
Foreign manufacturing (%)	2,94	11.41	0	0	100
Number of employees	443.68	2050.85	75	10	21000
Number of foreign employees	68.66	607.20	0	0	9000
Number of foreign countries	24.81	23.91	17	1	150
Total years of experience	34.78	29.35	30	2	299
Years of export experience	20.79	22.77	15	2	232
Number of foreign subsidiaries	1.46	5.54	0	0	80
Number of main product lines	3.60	2.25	3	1	8

Table 2: Variables used in cluster analysis

Variable / Values	N	%	Mean	Median	SD
SPEED (year export-year founded)			2.9	3	1.44
1:over 20 years	64	23.6			
2: 11 - 20 years	60	22.1			
3: 7 - 10 years	31	11.4			
4: 1-6 years	71	26.2			
5: 0 years	45	16.6			
EXTENT			3.09	3	1.35
1: 25%	44	16.2			
2: 26% - 40%	48	17.7			
3: 41% - 60%	70	25.8			
4: 61% - 75%	55	20.3			
5: over 75%	54	19.9			
SCOPE			3.13	3	1.35
1: 1 - 3 countries	36	13.3			
2: 4 - 10 countries	58	21.4			
3: 11 - 25 countries	79	29.2			
4: 25 - 35 countries	32	11.8			
5: over 35 countries	66	24.4			

Table 3. Cluster Analysis

	TOTAL SAMPLE			FIRMS CREATED BEFORE 1975			FIRMS CREATED AFTER 1975		
	Cluster 1 SLOW (N=123)	**Cluster 2** FAST (N=148)	*F (p)*	**Cluster 1a** SLOW (N=77)	**Cluster 2a** FAST (N=89)	*F (p)*	**Cluster 1b** SLOW (N=40)	**Cluster 2b** FAST (N=65)	*F (p)*
SPEED (year export-year founded)	**Between (11-20 years)**	**Between (7-10 years)**		**Between (over 20 years)**	**Between (7-10 years)**		**Between (7-10 years)**	**Between (1-6 years)**	
Cluster Mean	2.16	3.51	74.65***	1.4	3	89.73***	3.37	4.24	74.65***
EXTENT	**Between (26%-40%)**	**Between (41%-61%)**		**Between (26%-40%)**	**Between (41%-61%)**		**Between (25%)**	**Between (41%-61%)**	
Cluster Mean	2.10	3.92	221.83***	2.27	3.80	84.73***	1.7	3.96	221.83***
SCOPE	**Between (4-10)**	**Between (11-25)**		**Between (4-10)**	**Between (11-25)**		**Between (1-3)**	**Between (11-25)**	
Cluster Mean	2.28	3.82	128.08***	2.56	3.92	69.31***	1.73	3.57	128.08***

***P<0.0001

Table 4: Descriptions, reliability and loading coefficients

Indices / Variables	Cronbach α
Internal factors: Management team's attitude to internationalisation	
Proactive Attitude	0,638
There were growth opportunities in foreign markets (0.48)	
The risk of operating in only one market was very high (Risk diversification) (0.69)	
There was a change of attitude regarding the advantages of exporting (0.29)	
Reactive Attitude	
Sporadic orders from foreign customers (0.48)	0,641
Reduction of legal and/or cultural barriers between countries (0.52)	
We were producing more than we could sell (0.36)	
GLOBAL orientation	
Customers' needs are standardised worldwide (0.79)	0,7749
The product/ service is well known worldwide (0.71)	
The technology is standardised worldwide (0.63)	
I can find the same competitors in most markets (0.45)	
Marketing policies can be standardised worldwide (0.40)	
Strategic factors: competitive advantages	
MK Differentiation	
Perceived reputation of design, quality and style of firm's products (0.62)	0,853
International recognition of the brand (0.62)	
TECN Differentiation	
Level of novelty of the process and/or service involved in the international activity (0.53)	0,733
Perception of the importance of technological innovation (0.96)	
Volume of investment in R+D (0.63)	
External factors: Networks	
Suppliers network	
Presence of the firm's principal suppliers in the international sphere (0.45)	0,6585
Importance and influence of relationships with above in firm's international strategy (0.96)	
Customers Network	
Presence of the firm's principal customers in the international sphere (0.68)	0,8002
Importance and influence of relationships with above in firm's international strategy (0.96)	
Competitors Network	
Presence of the firm's principal competitors in the international sphere (0.56)	0,7052
Importance and influence of relationships with above in firm's international strategy (0.77)	
Institutions Network (associations, public bodies, research centres)	
Presence of the principal institutions with which the firm relates in the international sphere (0.84)	0,7876
Importance and influence of relationships with above in firm's international strategy (0.75)	

- The alpha coefficient for all the indices is positioned among the values generally accepted for the exploratory stages of an investigation (Nunnally, 1978)
- All the loading coefficients were significant at the 0.01 level or better

Table 5: Control variables

ISIC Code	Technological Intensity (OECD, 2001)	N	%
20, 22, 23, 24, 25, 27, 31, 34, 32, 51	1. Low technological intensity *(food and kindred products; textile mill products, apparel and other textile product;, lumber, wood products, furniture and fixtures; publishing; leather; stone and glass products, metal products;* wholesalers).	165	60.9
28, 30, 35, 37	2. Medium technological intensity *(chemicals; rubber and plastic products; transportation equipment; machinery)*	70	25.8
36, 38	3. High technological intensity *(measurement and optical equipment; electronic equipment)*	36	13.3
	Size		
	1. Small (under 50 employees)	99	36.5
	2. Medium (51 - 250 employees)	125	46.1
	3. Large (over 250 employees)	47	17.3

Table 6: Correlation matrix and simple statistics

Variable	1	2	3	4	5	6	7	8	9	10	11
Mean	10.4	7.4	17.3	7.4	9.2	5.3	6.9	6.3	4.6	1.4	1.8
S.D:	2.2	2.17	3.0	1.4	2.2	2.0	2.2	1.8	1.7	0.6	0.7
1.Proactive Attitude	1										
2.Reactive Attitude	.20*	1									
3.GLOBAL orientation	.14*	.02	1								
4.MK Differentiation	.17*	-.05	.05	1							
5.TECN Differentiation	.11*	.01	-.10	.33*	1						
6.Suppliers network	.08	.14*	.05	.11*	.09	1					
7.Customers network	.10	-.02	.22*	.23*	.04	.13*	1				
8.Competitors network	.08	.00	.26*	.10	.02	.15*	.34*	1			
9.Institutions network	.07	.05	.01	-.00	-.02	.04	.08	.30*	1		
10.Sector	.08	-.02	.10	.07	.14*	.04	.06	.07	-.08	1	
11.Size	.07	-.09	.01	.08	.11*	.04	-.05	.10*	.02	.06	1

* p<0.01

Table 7: Logit regression

	Cluster 2 FAST Sample *B (p)*	Cluster 2a FAST Before 1975 *B (p)*	Cluster 2b FAST After 1975 *B (p)*
1.Proactive Attitude	.236***	.159***	.505***
2.Reactive Attitude	-.212***	-226***	-.378***
3.GLOBAL orientation	.011	.011	-.081
4.MK Differentiation	.352***	.374***	.337**
5.TECN Differentiation	-.061	-.036	-.287
6.Suppliers network	-.121**	-.003	-.220**
7.Customers network	.177***	.239***	.203
8.Competitors network	.208**	.123	.408***
9.Institutions network	-.012	.038	.152
10.Sector	-.083	.113	-.434
11.Size	-.093	.022	-.051
nº of cases included	271	166	105
-2 log. Likelihood	311.33	192.64	96.78
Predictive capacity	68.6%	71.1%	79%
Chi-squared	62.04***	36.61***	42.76***

**p< 0,05; ***p< 0,001, according to Wald's statistic