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# RETHINKING SME INTERNATIONALISATION: A FRAMEWORK FOR FOOD AND DRINK BUSINESSES

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## ABSTRACT

The aim of this paper is to conceptualise the internationalisation of food and drink SMEs by developing and evaluating a framework specifically for food and drink SME internationalisation. SME internationalisation is an established area of research that has seen a wealth of research since the seminal work of the Uppsala scholars on the stage approach (cf. Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977). In recent decades SME internationalisation research has focussed on a range of issues that impact on internationalisation, from company characteristics (cf. Jones & Coviello, 2005; Hsieh et al., 2019) entrepreneur characteristics (cf. Reuber & Fischer, 1997; Ramón-Llorens et al., 2017), network connections (cf. Johanson & Mattson, 1988; Johanson & Vahlne, 2009) and determinants to international growth (Katsikeas et al., 1996; Li, 2018). This wealth of research underlines the complexities in understanding and explaining internationalisation. Thus, the purpose of this paper is to understand and evaluate the critical determinants of internationalisation specifically for food and drink SMEs, through an evaluation of relevant theory and the development of a framework for food and drink SME internationalisation. These aims address three gaps in the literature, namely, limited research on specific industries, limited research on food and drink SMEs, and few efforts to conceptualise the SME internationalisation process.

Firstly, while the majority of SME internationalisation studies span various industries and research contexts, there is less focus on individual industries (Fillis, 2008). Sousa et al. (2008) observed that only 9.6% of papers represented studies focussed on one industry, however these underline the unique characteristics specific to the industry. They also acknowledge that multi-industry studies can provide findings that are not generalisable due to the particularities that exist within certain industry contexts. Studies of high-tech SMEs point to the influence of high levels of R&D intensity (Filatotchev et al., 2009) and the applicable nature of the firm's technology worldwide (Johnson, 2004) as influences to internationalisation, whereas craft SMEs are mostly microenterprises influenced by culture, access to resources and often an isolated location (McAuley, 1999). The need for research on low-tech industries, such as craft or food and drink, is a gap identified by Dabić et al. (2019), indeed research on the food and drink industry is limited (Serrano et al., 2018), thus little is known of the unique characteristics of the food industry and how this influences internationalisation.

A defining factor of the food and drink industry is that all food products have their roots in the land (Tregear, 2001) and often possess specific place-based characteristics, as seen through terroir, that the soil, topography, climate and local traditions ensure unique characteristics of a produce from its place (Barham, 2003). Place is an important part of the identity of food products, as evidenced by many food products carrying the names of their place of origin, notably cheeses, such as Brie, Cheddar or Parmigiano-Reggiano. Observed through a Resource-based View lens, this research considers the determinants of food and drink SME internationalisation through Barney's (1991) VRIN framework. That is, unique place characteristics can provide food products with valuable, rare, inimitable and non-substitutable resources that could offer food SMEs a competitive advantage (Barney, 1991). The food and drink industry is significant in many countries, particularly in predominantly rural countries,

such as New Zealand, France and the United Kingdom, where food and agriculture represents a large proportion of economic activity. SMEs are especially important within this industry, with 96% of UK food and drink manufacturers being SMEs (Food and Drink Federation, 2017). As smaller companies they are more vulnerable to periods of economic downturn (OECD, 2009). As such, food and drink SMEs merit closer investigation in a research context.

Thirdly, few studies attempt to conceptualise the process of SME internationalisation. Various models exist relating to different concepts within the field, such as the stage approach, network model, or International Entrepreneurship, however, there is a limited focus on understanding and conceptualising the significant factors that influence SME internationalisation. Given the complexities of internationalisation, the various determinants discussed in the literature, and the particular characteristics associated with specific industries, this paper heeds the call from Fillis (2008) for more industry-specific research to provide more accurate insights into SME internationalisation in the food and drink industry. As such, this paper focuses on understanding the critical determinants of internationalisation, developing a framework for food and drink SME internationalisation, and evaluating this framework.

Underpinned by Resource-based View theory, this paper bridges the gap between traditional SME internationalisation theories and associations between food and place. Set in two parts, initially a framework for the internationalisation of food and drink SMEs is developed from a discussion of theories of SME internationalisation and place-based marketing issues specific to the food and drink industry. Secondly, the framework is evaluated for its validity and reliability. An exploratory factor analysis and Cronbach's alpha is conducted based on an online survey of 169 food and drink SMEs in Wales and Brittany to gauge the validity of the variables included in the various constructs of the framework. Simple random sampling was applied to the database of 810 SMEs, leading to a response rate of 21%. This was used to ensure that respondents were representative of the different characteristics of food and drink SMEs, including size, experience and location. Wales and Brittany were chosen for this research as they represent predominantly rural regions within developed countries, and share similar geographical and cultural characteristics, allowing for a suitable research context for the study, while points of difference are observed in the use of place in promoting the food and drink industry in both locations. Findings from this research lead to a framework of 12 constructs developed from an extensive review of the literature. Validity and reliability findings imply that the framework can be supported, however, further research in different research contexts would be advisable to enhance understanding of the framework's suitability, and how it could be employed in different international contexts.

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