

# Chapter 42

## An Eclectic Perspective on the Internationalization of Australian Mobile Services SMEs

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### ABSTRACT

*In response to calls for further research and drawing from industry, network, knowledge, and institution theories, this chapter takes an eclectic approach to investigate the internationalization of knowledge-based service SMEs operating in the mobile services industry. The authors employ qualitative evidence collected from in-depth interviews with seventeen Australian SMEs that export mobile data services. They find that an eclectic framework inclusive of concepts inherent in industry-, network-, knowledge-, and institution-based perspectives is required to explain the complex phenomena concerning the internationalization of mobile data service firms. This framework is a contribution to the existing body of knowledge as it can help organizations that have internationalization ambitions to carry out in-depth analyses of their potential and opportunities.*

### INTRODUCTION

The objective of this study is to investigate the factors that influence the internationalization of knowledge-based service firms operating in the mobile services industry. It culminates with a

conceptual framework that explains the internationalization of knowledge-based mobile services firms from developed to developing countries. We explore this in the Australian telecommunications industry using mobile services as an illustrative example. In the process, we respond to calls for further research in service sectors that are characterized by a lower degree of tangibility

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and lower level of consumer-producer interaction (Coviello & Martin, 1999; Freeman et al., 2010; Kudyba, 2006; Noorderhaven & Harzing, 2009). A mobile service is an activity or series of activities that occur when mobile consumers interact with systems or service provider employees with the support of mobile telecommunications networks (Bouwman et al., 2007a; Bouwman, Haaker & De Vos, 2007; Mafé, Blas & Tavera-Mesías, 2010; Van De Kar, 2004). Examples of mobile services include mobile e-mail, SMS, and MMS services, content downloads, mobile ticket reservations, mobile stock trading, and mobile TV (Bina & Giaglis, 2005).

This chapter builds on existing knowledge concerning the internationalization of knowledge-based service firms. The proposed framework refines current understanding of internationalization behaviors of knowledge-based service firms by taking an eclectic approach. Many knowledge-based small and medium-sized enterprises (SMEs) in developed economies are becoming increasingly active in international markets particularly in the mobile services industry (Styles, Patterson & La, 2005). The activities and processes surrounding their internationalization are important phenomena to understand from both research and managerial perspectives for many reasons. First, mobile services SMEs differ from larger firms in their managerial style, independence, ownership, and scale/scope of operations (Lopez, Kundu & Ciravegna, 2009). They are also likely to be limited in financial, management, human, and information resources, with managerial processes and structures that are less rigid, sophisticated, and complex than those in larger mobile services firms (Lopez, Kundu & Ciravegna, 2009). Second, although attention has been paid to service firms in the internationalization literature (for example, Coviello & Martin, (1999)), the knowledge-based mobile services sector have only received sparse attention (Lopez, Kundu & Ciravegna, 2009). There is paucity of research into what drives and inhibits the successful export of mobile services

from developed towards emerging markets by SMEs (Lopez, Kundu & Ciravegna, 2009; Styles, Patterson & La, 2005).

Finally, extant research shows that internationalization varies across industries with respect to both complexity and cost (Lopez, Kundu & Ciravegna, 2009). In knowledge-intensive industries such as the mobile service industry, once created, the products, can be replicated at relatively low marginal cost, and therefore, the firms that produce these products can internationalize rapidly without necessarily establishing growth in their home market (Autio, Sapienza & Almeida, 2000; Bell et al., 2003). Thus, the complexities and idiosyncrasies of knowledge-based mobile services settings can bring about significant managerial challenges to internationalization (Luo, 2007) including the need to effectively manage “a multitude of structures, strategies, and environments” (Musteen, Datta, & Herrmann 2009, p. 321) which suggests that further research is required in this area.

To achieve our objective, we proceed with a review of internationalization literature and develop a series of propositions. This review highlights the need for integrated internationalization research on knowledge-based mobile services SMEs and leads to a statement of the research purpose. The literature review is followed by a discussion of the research method, findings, and future research. After discussing managerial relevance we conclude the chapter.

## **LITERATURE REVIEW**

Many perspectives have been used to understand how firms internationalize (Johanson & Vahlne, 1990). The industry-based perspective (IBP) has been well established in the internationalization literature. The network perspective and knowledge perspective and have also emerged in the last decade with the institution-based perspective having been added recently in attempts to explain internationalization phenomena. Several

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