

***Assessing the characteristics, determinants
and spatial variations of
internationalised new ventures in the UK.***

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| International New Ventures

- a business organization that, **from inception**, seeks to derive significant competitive advantage from the use of resources and from the sale of outputs to multiple countries” (Oviatt & McDougall 1994 pg. 49)

| Why are they Interesting?

- Focuses on both: new firm creation, and internationalisation
- Economic Impacts: start-ups; value adding activity; innovation; employment; trade balance

| Internationalisation

- ... is a broad term:
 - exporting,
 - importing,
 - licencing and franchising,
 - alliance formation,
 - foreign direct investment (Brouthers et al. 2009).

- exporting as the primary means of engaging in cross border activity (Knight & Cavusgil 2004; Hennart 2014; Kuivalainen et al. 2007)

Factor	Importance	Studies
Innovation	Creation of niche products/services	Cavusgil & Knight, 2015; Yip et al., 2000
Capabilities	Abilities of firm to react to opportunities and threats	Mort & Weerawardeena, 2006; Oxtorp, 2014
Networks/support	Market intelligence, external knowledge	Sharma & Blomstermo, 2003; Baronchelli & Cassia, 2014
Finance	Investment, working capital	Fernhaber & McDougall-Covin, 2009
Gender/ethnicity	Types of new ventures, market focus	Kobeissi, 2010
Location	Cluster effects, milieu effects	Fernhaber & McDougall-Covin, 2009; Colovic & Lamotte, 2014

| Research Questions

- (How) do internationalised new ventures differ from other new ventures?
- What are the antecedents of internationalised new ventures?
- What is the spatial distribution of internationalised new ventures across the UK?

| Data and Method

- Logistic regression model - dependent is binary (1/0) variable
- LSBS data - 1887 new ventures (under 5 years old); 320 internationalised new ventures
- Data on innovation, capabilities, gender/ethnicity of owner, turnover, sales, sector, location, and awareness of support organisations.

Note: N=1881, except Productivity - N=848, Turnover - N=1356; All tests are independent samples non-parametric Mann-Whitney U-tests; One-sample Kolmogorov-Smirnov tests indicated non-normality in variables' distribution.

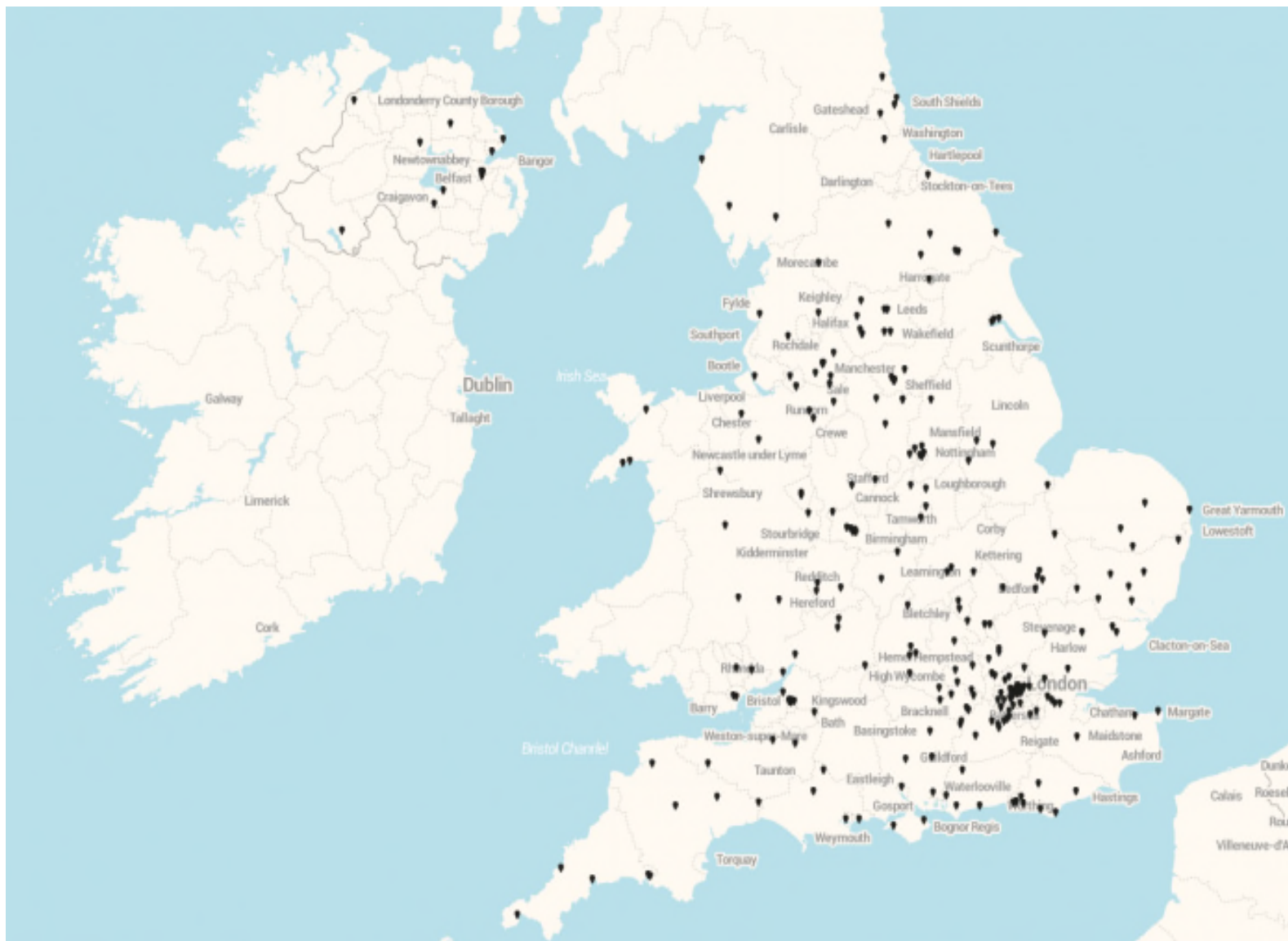
I Results

	Model 1	S.E.	Model 2	S.E.
Employment ['000]	0.307	0.003	0.861	0.004
Turnover [£m]	0.020	0.013	0.022*	0.013
Age	0.200***	0.054	0.181***	0.056
Manufacturing	2.245***	0.371	2.262***	0.384
Business Services	1.508***	0.319	1.493***	0.327
Consumption-Based Services	0.860**	0.339	0.866**	0.348
Education & Personal Services	-0.111	0.448	0.095	0.461
East Midlands	-0.536*	0.325	-0.466	0.340
East of England	-0.228	0.281	-0.253	0.295
North East	-1.012*	0.565	-1.055*	0.593
North West	-0.866***	0.317	-0.671**	0.331
South East	-0.275	0.238	-0.215	0.253
South West	-0.345	0.278	-0.208	0.294
West Midlands	-0.715**	0.342	-0.746**	0.359
Yorkshire & the Humber	-0.318	0.310	-0.304	0.325
Scotland	-0.511	0.320	0.144	0.379
Wales	-0.320	0.403	-0.330	0.421
Northern Ireland	0.190	0.384	0.814*	0.429
Women-led business			-0.507**	0.227
MEG-led business			-0.147	0.271
People Management Capabilities			0.014	0.167
Business Management Capabilities			-0.022	0.279
Innovation in Product or Service Capabilities			0.671***	0.246
Raising Finance Capabilities			-0.468***	0.155
Innovation in Operations Capabilities			-0.071	0.260
UKTI Support Awareness			1.037***	0.191
Support Awareness			-0.168***	0.044
Innovation in Goods/Services/Processes			0.461***	0.156
Constant	-2.956***	0.393	-3.269***	0.534
DF	19		29	
N	1356		1356	
-2LL	1224.17		1152.18	
Nagelkerke R ²	0.13		0.21	

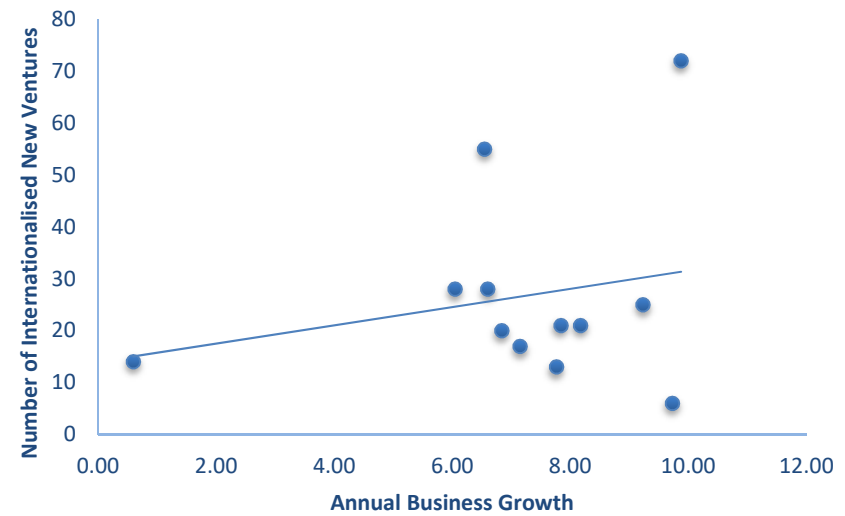
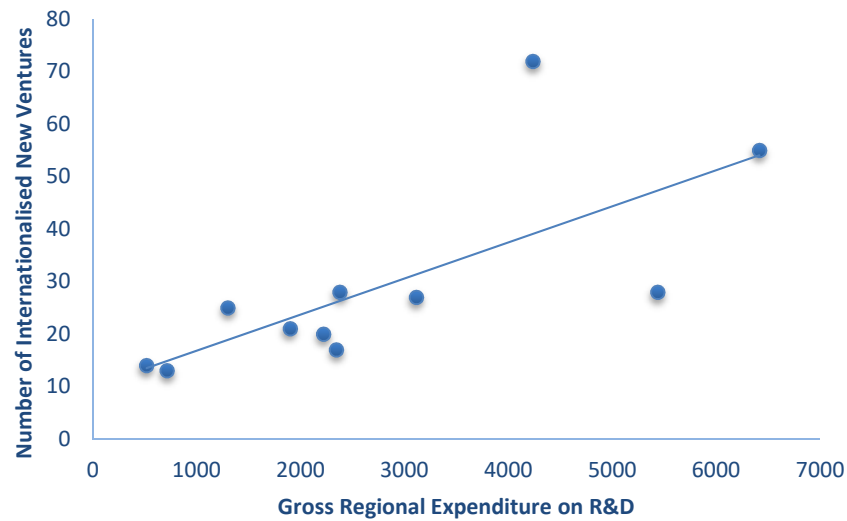
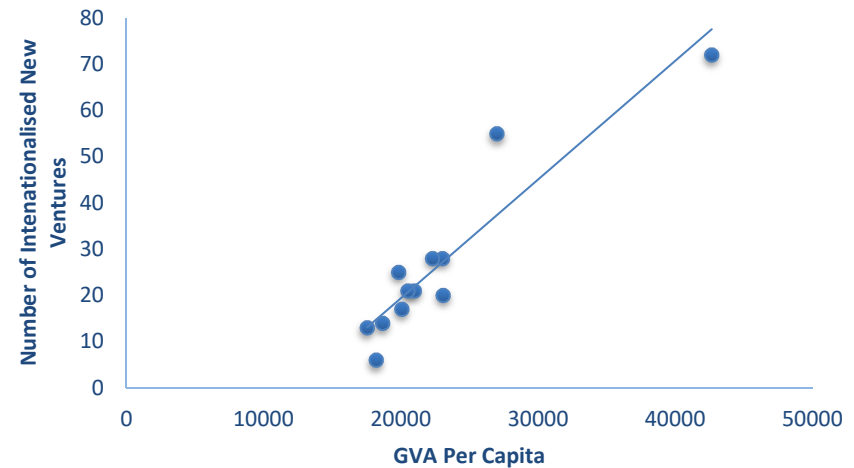
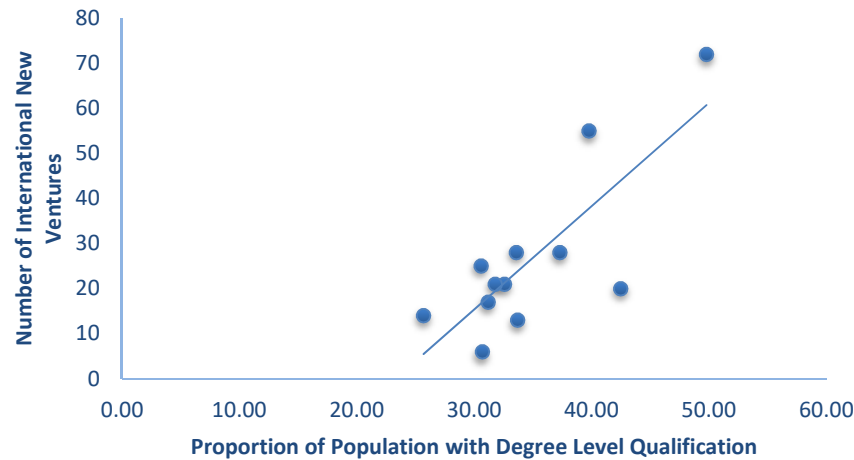
Note: *** denotes significance at 1% level; ** denotes significance at 5% level; * denotes significance at 10% level.

Simplified Findings

Variable	Influence on Propensity to Internationalise
Age	Positive effect
Employees	No effect
Female manager	Negative effect
Ethnic minority manager	No effect
Innovator	Positive effect
Goods innovator	Positive effect
Service innovator	No effect
Capabilities	Significant effect
People Management Capabilities	No effect
Business Management Capabilities	No effect
Innovation Management Capabilities	Positive effect
Finance seeking Capabilities	Negative effect
Operational innovation capabilities	No effect
Sector	Significant effect
Primary and construction	No effect
Manufacturing	Positive effect
Business Services	Positive effect
Consumption-based Services	Positive effect
Education and Health Related Services	No effect
Sales focussed Firm	Positive effect
Location	Weak effect
North-East Region	Significantly lower than base region (London)
North-West Region	Significantly lower than base region (London)
West Midlands	Significantly lower than base region (London)
All other regions	Not Significantly different to base region (London)
Finance	Weak positive effect
Sought finance in past 12 months	No effect
Sought equity finance	No effect
Sought debt finance	No effect
Sought other finance	No effect
Turnover	Positive effect
Support	Positive effect
Awareness of specific export support	Positive effect
Awareness of network of general support	Negative effect







| Conclusions

- Innovation, survival, turnover, firms in 'traded sectors', awareness of export specific support have a positive influence on becoming an INV
- Woman-led firms, firm located in North-East, North-West, & West Midlands, education and personal services firms, and awareness of generalised support organisations all have a negative effect on becoming an INV
- INVs found to be located across all of UK
- But, there is a relationship between location and number of INVs