

Case-Study of Internationalization in Peruvian SMEs

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Abstract

The aim of the study is to better understand and assess the strategic effectiveness of three Peruvian SMEs, focusing on internationalization and information communication technologies. Through qualitative content and thematic analysis, the authors identify push and pull factors of internationalization and explore e-business tools and technologies. Of the three SMEs, two target the domestic market and consider internationalization as a reactive strategy to home market saturation. The third proactively targets overseas markets. Key barriers include limited expertise and technological resources. A descriptive framework of SME internationalization for the three studied SMEs is proposed that can be used to inform further substantive and correlational inquiry.

Keywords: internationalization, e-business, customer relationship management (CRM), Peru, SME

This paper presents a comparative case study of three Peruvian small or medium-sized enterprises (SMEs). It focuses on internationalization strategy perceptions and experiences, with specific focus on information communication technologies (ICTs), including e-business and customer relationship management (CRM). The overall aims of the study are to describe and make an assessment of the effectiveness of the strategies of three Peruvian SMEs. The paper compares and contrasts push/pull drivers of internationalization and the use of e-business tools and technologies for domestic and internationalization strategy. These aims will be reached by addressing the following research questions:

1. What are the strategies of three Peruvian SMEs to retain customers?
2. What are the strategies of three Peruvian SMEs to enter new global markets?
3. What is the role of e-business in building a domestic relationship?
4. How do the companies use or plan to use e-business to expand sales internationally?

The paper addresses the above questions through qualitative data collection and analysis and concludes with a descriptive framework of SME internationalization that describes push/pull drivers of internationalization, e-business, and CRM themes within the cased SMEs.

Peruvian SME Context

In general terms, SMEs make a substantial contribution to national economies generating employment and development within countries worldwide (Poon & Swatman, 1999). It is estimated they represent 80% of worldwide economic growth (Julta, Bodorick, & Dhaliwal, 2002). Definitions of SMEs differ depending

on the country or geographic region. For example, within the European Union, SMEs are those companies that have fewer than 250 employees and whose annual turnover does not exceed EUR 50 million (European Commission, 2003). In other countries, for example Peru, assets are considered. Because the focus of this study is Peruvian SMEs, the Peruvian definition is taken, as shown in Table 1.

Table 1
Classification of Enterprises

Size	Staff	Annual sales (US\$)	Fixed assets (US\$)
Micro	1 – 10	1 - 125,000	1 – 25,000
Small	11 – 50	125,001 - 1,500,000	25,001 – 300,000
Medium	51 – 200	1,500,001 - 20,000,000	300,001 – 4,000,000

Note. Adapted from National Institute of Statistics and Informatics (Peru): Classification and main indicators of Peruvian SMEs by INEI, (2009a).

Peru has a population of 28.2 million (INEI, 2009b) and is a diverse country both in terms of its geography and its economy. Its economy can be described in terms of two major sectors: the modern sector located on its western coastal plains and its subsistence sector, located within the Andean mountains (Parnell, 2008). In addition, the Peruvian economy can be differentiated in terms of formal versus informal organizations (Jackle & Li, 2006; Sully de Luque & Arbaiza, 2005), with its informal economy comprising 60.9% of gross domestic product (GDP) in 2002-03 (Schneider, 2005). Many of the firms which comprise the informal economy are SMEs; these include individual street vendors, small factories run from homes, and small shops (Parnell, 2008).

Peruvian SMEs account for 98% of all Peruvian enterprise and comprise 60% of the active working population (Ministry of Labor and Promotion of Employment of Peru, 2005). They contribute 42% of the national GDP (INEI, 2009b). In 2008, Peru reported one of the highest increases of production in Latin American (9.8%), yet it is still a relatively small economy with a GDP of only US\$196.5 billion (INEI, 2009b).

Peruvian SMEs are confronted with several challenges that can lead to restricted growth and affect business success. These challenges include increased competition and new entrants within the domestic markets, high levels of uncertainty and risk (Parnell, 2008), lack of and access to funding, and limited managerial skills of the owner-manager (INEI, 2009b). While management practices at large Peruvian firms are likely to reflect contemporary management thinking, generally, Peruvian management practice can vary because of substantial differences across firms and industries (Parnell, 2008). The challenges of competing internally within the domestic market have encouraged and driven SMEs to look towards expanding their products overseas. Consequently, these firms now are increasingly concerned not only about how to build a strong relationship within the domestic market but also about how to “internationalize.”

Internationalization

Internationalization can be defined as a strategy through which a firm expands the sales of its goods or services across the borders of global regions and countries into different geographic locations or markets (Hitt, Tihanyi, Miller, & Connelly, 2006, p. 251).

Two types of drivers for internationalization are proposed within the literature: push/reactive and pull/proactive drivers (Evans, Bridson, Byrom, & Medway, 2008). First, this paper has already introduced some of the push/reactive issues relevant to the Peruvian SME context. These factors are related to negative conditions within the internal market including a saturated market, low market growth, and increased competition. Second, there are the pull/proactive factors that are related to opportunities within the environment such as attractive markets, knowledge of potential markets, and unfulfilled demand.

Furthermore, the intention of owner-managers to internationalize depends on their beliefs about and perceptions of the opportunities, risks, and barriers involved (Jaffe & Pasternak, 1994). In addition, entering international markets is both a challenge and risk for SMEs because of limited economic and managerial

resources. SMEs usually go through the internationalization process incrementally to minimize the risks (Chetty & Campbell-Hunt, 2003; Johanson & Wiedersheim, 1975).

In terms of internationalization theory, there are a number of models and frameworks of internationalization within the academic literature. Arguably, the most well known is the Uppsala process model (Johanson & Vahlne, 1977). The U-model (as it is called) presents internationalization as “a gradual acquisition, integration and use of knowledge about foreign markets and operations and a ... successively increasing commitment to foreign markets” (Johanson & Vahlne, 1977, p. 36).

According to the U-model, a firm internationalizes its operations by making use of knowledge already gained, and the first foreign markets it enters are those that are closer physically (Whitelock, 2002). However, firms may access distant markets as their knowledge increases (Evans et al., 2008; Johanson & Vahlne, 1977). The operationalization of the U-model is influenced by factors (Snuif, 2000) that include forces facilitating or inhibiting exportation, information needs and the acquisition of information, foreign market selection and entry (including the effects of cultural distance), and expansion and marketing strategies (Leonidou & Katsikeas 1996). The applicability of the U-model, however, to smaller firms has been questioned by researchers examining the internationalization processes of SME's (Coviello & McAuley 1999; Stray, Bridgewater, & Murray, 2001).

Arguably, other internationalization models such as the innovation-related model (also known as the I-model) conceptualized by Cavusgil (1980) and decision-making process models are more appropriate in the SME context. In Cavusgil's I-model, internationalization is explored in relation to the extent of a firm's dependence on foreign markets using a ratio of sales-to-export. Decision-making models focus on key internationalization decisions that a firm needs to consider when pursuing an internationalization strategy. Decision models that are insightful for the SME context include the industrial network model that looks at the firm's network of suppliers, customers, competitors, and distributors (Whitelock, 2002) and the business strategy approach that assumes firms behave pragmatically when internationalizing and that decision making will be based on a set of factors such as market opportunities, internal resources, and managerial skills (Welford & Prescott, 1994; Whitelock, 2002).

Establishing subsidiaries or joint ventures, licensing, and franchising are also considered internationalization modes (Petersen & Welch, 2002).

Research that focuses on SME internationalization in the Peruvian context is limited. In 1990, Peru started a new development strategy based on an open economy and a free market (Villaran, 2000) that promoted increased competition between SMEs at a domestic level and drove forward internationalization. Currently, primary industries such as mining and fisheries provide the greatest proportion of export earnings (Sully de Luque & Arbazia, 2005), and the Peruvian apparel industry, in particular, has experienced considerable export growth (Cortazar, 1997). In 2002, Peruvian exports produced a trade surplus of \$0.21 billion, Peru's first in 11 years (Sully de Luque & Arbazia, 2005).

The country's major exporting and trading partners include Brazil, China, Colombia, the European Union, Japan, the United States (USA), and Venezuela (Sully de Luque & Arbazia, 2005). Most recently, Peru has signed free trade agreements with large markets such as the USA, Canada, Singapore, and China. Such trade agreements offer greater prospects for Peruvian SMEs in terms of internationalization opportunities.

As early as the 1980s, academics such as Levitt (1983) argued that for firms to gain competitive advantage and capitalize on internationalization opportunities, technology should be exploited. For SMEs, e-business through the Internet has provided a valuable tool to communicate and build networks within an international market, offering SMEs the same access as large organizations enjoy (Gilmore, Gallagher, & Henry, 2007).

E-business

E-business can be defined simply as “any business carried out over an electronic network (exchanging data files, having a website, using other companies' websites, or buying and selling goods and services online)” (Fillis, Johannson, & Wagner, 2004, p. 179). The term e-business was first used by IBM in its advertising campaign in the 1990s (Li, 2006), and it gained major recognition after the Internet boom during the mid 1990s. The arrival of IT, data processors, configurable platforms, developed web systems, networking, and the Internet has enhanced the quick growth of e-business use in public as much as in private sector enterprise (Maguire, Koh, & Magrys, 2007).

The Internet has broken geographical barriers in terms of communication and the way of doing business (McGowan, Durkin, Allen, Dougan, & Nixon, 2001). SMEs are able not only to access information in foreign markets, but also to build networks which allow them to reach and compete in new markets. Besides enhancing firms' operations within domestic markets, Internet technology allows SMEs to administer a customer base abroad, making the internationalization process easier (Gilmore et al., 2007).

A rapid ability to respond and easy, adequate access to market intelligence information is important for successful internationalization. However, one of the greatest obstacles SMEs face in developing countries like Peru is the access to information in a reliable and opportune way (Feliciano, Hagnauer, & Valcracel, 2002). Consequently, many SMEs use technology resources informally and in an ad hoc manner as a means of solving day-to-day problems reactively rather than planning proactively and formally for the long term (Lawless, Allan, & O'Dwyer, 2000). An effective e-business strategy will allow SMEs at least to consolidate internationally by reinforcing loyalty and long-term relationships with their external stakeholders.

On the other hand, recent research suggests that SMEs do not capitalize on forms of e-business and that SMEs are not necessarily immediately willing to embrace the technology (Fillis et al., 2004). Quayle (2002) found that leadership and waste management issues are ranked higher in importance than e-commerce issues by many SMEs, with little evidence of long-term e-business strategic development. Fillis et al. (2004) concluded that conservative, risk-averse owner-managers act as a barrier to SME e-business adoption, while owner-managers exhibiting entrepreneurial characteristics are more willing to take advantage of e-business for the long-term profitability of the firm.

In terms of the Peruvian owner-manager, recent research (Parnell, 2008) suggests that the Peruvian manager has a greater tolerance for role ambiguity and a preference for management interaction, decentralization of decision making, and more participative leadership. These characteristics are associated with entrepreneurship and risk-taking propensity (Carter & Jones-Evans, 2000; Pinchot, 1985; Roberts, 2007). Therefore, this suggests that Peruvian managers should be enablers of SME internationalization.

From the literature search, it is evident that e-business can take different forms in accordance with the company's purposes, for example, e-communication (Turban, Lee, King, & Chung, 2000), e-intelligence (Hill & Scott, 2004), and e-collaboration (Cassivi, Lefebvre, Lefebvre, & Léger, 2004).

The adoption of e-business does not necessarily ensure organizational success as it is only part of the overall organizational strategy. Maguire et al. (2007) proposed that e-business technologies can be used to strengthen organizational strategy and thus contribute to competitive advantage.

Lack of investment (or willingness to invest) is considered a barrier to implementing an e-business strategy within SMEs. Not only can funds be difficult to generate, but also owner-managers can be difficult to convince about the benefits that such tools can bring to their organizations. According to Gunasekaran and Ngai (2005), this is because of difficulties in quantifying the return on investment of such activities. Arguably, the return on investment from customer relationship management (CRM) tools and technologies can be measured more easily compared with other e-business activities. In theory, CRM is one aspect of e-business where SME owner-managers could be shown and convinced of the benefits of investment.

Customer Relationship Management

CRM has become widely recognized as an important part of e-business and internationalization strategy. While there is no universally accepted definition, Ngai (2005) emphasized the importance of viewing CRM as "a comprehensive set of strategies for managing those relationships with customers that relate to the overall process of marketing, sales, service, and support within the organization" (p. 583). Ngai continued that information technology (IT) and information systems (IS) "can be used to support and integrate the CRM process to satisfy the needs of the customer" (p. 583).

Swift (2001) and Mohiuddin (2005) have summarized the range of benefits obtained from CRM, including reduced costs of customer acquisition, reduced need to recruit a large number of customers, reduced costs of sales, higher customer profitability, increased customer retention and loyalty, and ability to assess customer profitability. Such benefits are measurable in terms of return on investment in CRM tools and processes.

In terms of implementing a CRM strategy, O'Toole (2003) identified six factors that are important: emphasizing quality, measuring customer satisfaction and managing customer service, investing in people, maintaining

dialogue with customers, setting realistic targets and assessing performance, and establishing relationship-based interfaces. Building on the work of O'Toole (2003), Osarenkhoe, and Bennani (2007) provided an integrated framework for implementing CRM strategy and identified five "S" core dimensions of relationship strategy implementation: staff, styles, structures, systems, and schemes. The first two are cognitive elements or the software of strategy, and the other three are technical elements or the hardware of strategy.

Further to this, IT and IS play a key role in the development of CRM systems and processes (Kincaid, 2003; Ling & Yen, 2001), and such technologies are referred to as e-CRM. Harrigan, Ramsey, and Ibbotson (2008) defined e-CRM "as the use of Internet technologies to facilitate the management of customer relationships" (p. 386).

E-CRM can include any web tools that support business processes and can range from email to customer databases. E-CRM facilitates the customer trading process and makes customers active coproducers within transactions (Gharavi & Sor, 2006; Phuong & Swierczek, 2008). It is through this interaction that organizations can better understand customers' needs and thus make adjustments in organizational processes so that long-term relationships are developed and sustained.

The appropriate use of e-CRM software not only enables firms to create strong domestic relationships with customers, but also opens up their ability to reach new market potential abroad (Harrigan et al, 2008) and thus is important for internationalization. Moreover, e-CRM provides organizations with the opportunity to tailor relationships for different customers' needs (Harrigan et al, 2008). McGowan, and Durkin (2002) proposed that in general terms, e-CRM enhances internal as well as external organizational efficiency through all stages of the supply chain; however, it should not be used in isolation but should be aligned with internationalization strategy (Bradshaw & Brash 2001; Harrigan et al., 2008).

While there are many strengths associated with using e-CRM, some major barriers are also documented within the literature. Key barriers stem from both owner-managers' and customers' perceptions of IT. The security and privacy of customer data is a key concern from the customer perspective (Shalhoub, 2006), while from the owner-manager perspective, e-CRM implies impersonal contact (Lituchy & Rail, 2000). Information managed through the Internet is almost always confidential, and without any member of staff interacting physically, trust and relationships could be perceived negatively and with skepticism. To overcome such situations, Gillen, Durkin, and McGowan (2000) suggested that SMEs must balance virtual customer contact with in-person contact. Bauer, Grether, and Leach (2002) and Harrigan et al. (2008) argued that Internet e-CRM technology should be used when there is an existing relationship with a customer to promote a level of trust and perceived sense of security.

Such CRM and e-CRM tools do offer Peruvian SMEs the opportunity to manage customer relationships more adequately and extend customer relationships to an international level. Adopting this technology, however, is not necessarily an easy step because they, and others within the APEC cooperation, experience obstacles (AOEMA, 2001; Phuong and Swierczek, 2008; ZEF Bonn, 2002) including (a) lack of access to capital, (b) lack of infrastructure, (c) lack of training in information management, (d) lack of access to information, (e) lack of R&D resources, (f) lack of access to support networks, and (g) disincentives in government regulation. In addition to these resource barriers, many SME owner-managers cannot see the benefits of e-CRM—possibly because of risk adversity, unfamiliarity with ICT, skepticism about return on investment, or lack of related management education (O'Toole, 2003).

Towards a Conceptual Framework

Figure 1 provides a conceptual framework of SME internationalization as the unit of analysis for this empirical study and is based upon the literature review conducted. The framework identifies key internationalization, e-business, and CRM/e-CRM models that are theoretically relevant for Peruvian SME internationalization strategy. e-CRM is an antecedent to e-business, and likewise e-business is an antecedent to internationalization.

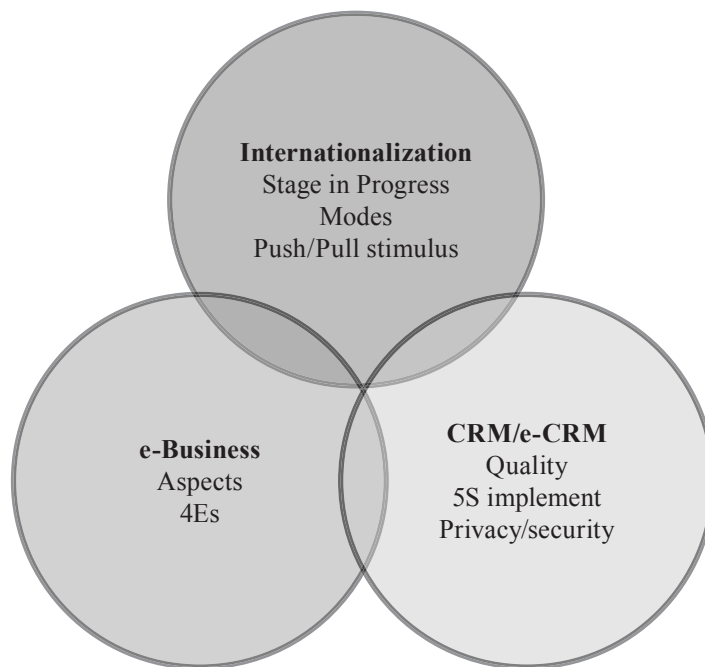


Figure 1. A conceptual framework of SME internationalization: The unit of analysis.

Based upon Figure 1, a checklist has been developed for this study (see Table 2) that brings together key internationalization models and theory from the literature and which has been used to inform the qualitative enquiry for this study.

Table 2
Conceptual Checklist of SME Internationalization

SME internationalization		
Internationalization	E-business	CRM & e-CRM
Current stage in progress modes	Aspects of e-business	Sustaining customer relationship
Opportunism	e-ERP	Emphasis on quality
Limited commitment	e-marketing	Measuring customer satisfaction
Limited fixed investment overseas	e-CRM	Managing customer service
Major dependence on overseas business	e-supply chain with customers/ suppliers and staff	Investing in people
No distinction between home and overseas markets	e-comms	Maintaining dialogue with customers
Condition of domestic market—appreciated	e-intelligence	Setting realistic targets
Stimulus—push/pull	e-commerce	Assessing performance
Awareness of international market characteristics	e-collaboration	Implementing relationship strategy
Mode of entry—exporting/joint operation/wholly owned	e-implementation	Staff
	investment	Style
	staff training	Structure
	maintenance	Systems
	adequate integration	Schemes
		e-CRM
		B2B/ B2C
		Customer perspective
		Customer concerns (security/privacy)
		Face-to-face relationship

Methodology

The research strategy is a comparative case study of three Peruvian SMEs. A case study or set of case studies is an umbrella technique used in collecting data (Roberts, 2007) and can be defined as an empirical inquiry that “investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 2002, p. 13).

Within this study, the cases presented have been constructed from a variety of different data sources: semi-structured interviews, observations, notes, desktop research, and historical documents have been used as evidence. As Hartley (1994) emphasized, a case study is of interest because the phenomenon is not isolated from its context but is researched in relation to its context. There seems to be consensus that a study of a case may comprise a single case unit or several cases. Data collected to build the case can be quantitative, qualitative, or triangulated between the two. The case in the research (or unit of analysis) may be an individual or some event or entity (Yin, 2002). In this research, the unit of analysis is SME internationalization as defined and conceptualized in Figure 1 and Table 2.

An important part of any study is trying to assure those reading it of its academic credibility and rigor. Traditional measures of case study rigor and quality include trustworthiness, credibility, confirmability, and data dependability (U.S. General Accounting Office, 1990). Additionally, Yin (2002) suggested three traditional research concerns associated with the case study:

Lack of rigor caused by

- Researcher allowing equivocal evidence or biased views
- Bias entering research strategies within the case

Little basis for scientific generalization caused by

- Analytic generalization rather than statistical generalization

Time consuming research

- Historically case studies have been carried out over long periods of time, although this is changing.

Convenience sampling was used to identify and obtain access to three SMEs operating in Lima, Peru. The use of convenience sampling is common in case research, but this does limit the generalizability of the results. One of the researchers has lived and worked in Lima, and so it was agreed that this sampling strategy would be the most efficient and effective because of his contacts. The three (not real) names of the SMEs are Textile SAC, Plastic SAC, and Fish SAC. Data were collected through semi-structured interviews with owners and key strategic leads within each of the three SMEs, as recommended by snowball sampling via the owner-managers.

Table 3
Semi-Structured Interviews

Company	Corporate officers interviewed	
Textile SAC	Managing Director	General Manager
Plastic SAC	Chief Executive Officer	Chief of Production
Fish SAC	Owner/ Director	Adm. & Fin. Manager

Ethnographic observations and document analysis were also used to generate qualitative data. The interview templates were developed using Bryman, and Bell’s (2003) interview guide. Interviews lasted for one hour and were recorded using electronic voice recording equipment. Interviews were transcribed, and along with documentary and observational evidence, coded and analyzed using thematic and content analysis. All identifying information was treated as anonymous for both the participating SMEs and interviewees.

Results

Introducing Textile SAC, Plastic SAC, and Fish SAC

Textile SAC is a textile company established in Lima in 1999. It produces and exports handmade and hand-loomed knitted apparel. The company is in its growth stage and has 80 employees with revenues in 2009 of US\$2,500,000. Textile SAC's market is 100% international as it exports to retailers and organizations in countries such as the United States, England, France, and Denmark. The company places emphasis on a quality product through the selection of raw materials and through its strict monitoring of its production process. The company strives for customer loyalty through quality.

These factors are reflected in its vision and mission. Strategic documents gathered during the data collection showed that its vision is to become one of the market leaders in the production and export of high added value textile products. Its mission is its commitment to its workforce through the production of high-quality products while promoting the development of each one of its members.

Textile SAC procures services from small and microenterprises dedicated to spinning and fabric processing crucial to producing the end goods. Thus, it sustains employment beyond the company itself by supporting micro suppliers and outsourcers within Peru. The company encourages such micro firms to formalize their operations as part of its social responsibility.

Plastic SAC is a plastic products manufacturer established in Lima in 2001. The firm produces stretch film and also sells other packaging products. The organization contains an administrative function and commercial and production divisions. It has 31 employees, of whom 20 work in production and 11 work in administrative and commercial functions. Plastic SAC has a turnover of US\$2,375,000 per year, and is reaching maturity within its domestic markets.

Plastic SAC's strategy is in investment and growth in the long term to offer its customers what they need in order to keep them loyal. Plastic SAC's most important asset is its customers. The company aims to offer an excellent service by fulfilling its delivery deadlines, ensuring a quality product, and having competitive pricing. On its website, Plastic SAC states its business strategy and provides information about the range of products that it offers. Plastic SAC's vision is to be the leading company within the packaging sector through its customers and without partners. The firm has a combined strategy that involves in-house production along with outsourcing. The in-house production is for stretch film which is the most successful line, and the outsourcing is for packaging products which include adhesive tapes, staples, and boxes. Stretch film represents 90% of sales revenue.

Plastic SAC has a commitment to the preservation of the environment. The company is researching and working towards the development of a biodegradable stretch film which will help to limit the amount of chemicals released into the atmosphere on decomposition. The target market of the company is any B2C individual or B2B organization that requires its products. Plastic SAC does not work with any intermediary in the delivery of its products. This facilitates its competitive pricing strategy.

Fish SAC is a medium-sized company which was formed by the merger of two small Peruvian fishing organizations. It was established in 2008 for the production of canned fish. The production processes take place in wholly owned factories located in Chimbote, a city located 430 kilometers north of the main office in Lima. The firm has 15 employees of whom 5 perform administrative functions and 10 work in the factory. In addition, Fish SAC outsources to between 150 and 180 contractors to meet the demand as and when required.

The organizational structure is composed of (bottom line) logistics, production, warehouse, and maintenance and (top line) general manager, administration and finance manager, and quality superintendent. Company revenues in 2008 were approximately US\$112,000.

Fish SAC encourages permanent innovation within its processes, something emphasized in both its vision and mission. Its vision is to become known for quality and innovation in all its products, both nationally and internationally. Its mission is to provide consumers with quality products through continuous improvements, innovations, and adjustments in the manufacturing processes. Its social responsibility is also related to providing the market with quality and healthy food.

Fish SAC offers two services: the production of standardized canned fish, and custom made orders tailored for individual customers based upon their specific needs.

Table 4 presents a summary of results relating to Textile SAC, Plastic SAC, and Fish SAC based upon the original four research questions and an adaptation of Table 2. In the appendices, Tables 5, 6, and 7 compare more detailed data in relation to CRM, internationalization, and e-business respectively.

Table 4
Summary

R Qs. / Companies	Textile SAC	Plastic SAC	Fish SAC
RQ1. CRM			
SUSTAINING THE CUSTOMER RELATIONSHIP			
- Emphasis on Quality	yes	yes / but price also	yes
- Measuring Customer Satisfaction	no	no	no
- Managing Customer Service	informally	informally	informally
- Investing in People	yes	no	no
- Maintaining Dialogue with Customers	yes	yes	yes
- Setting Realistic Targets	yes	yes	yes
- Assessing Performance	yes	yes	yes
IMPLEMENTING RELATIONSHIP STRATEGY			
Cognitive - Staff	yes/qualified & training	yes/low	yes/low
Cognitive - Style	weak	weak / low costs and price	weak
Technical - Structure	informally	informally	informally
Technical - Systems	weak	weak	weak
Technical - Schemes	no	no	no
RQ2. INTERNATIONALIZATION			
CURRENT STAGE IN PROGRESS MODEL			
- Opportunism (Passive/Active)	export	not implemented	not implemented
- Limited commitment	active	pasive	active
- Limited Fixed Investment overseas	no	yes	yes
- Major dependence on overseas business	yes	yes	yes
- Distinction between Home & Overseas market	yes	not for now	not for now
Condition of Domestic Market Appreciated	no home	yes	yes
Stimulus for Internationalization - Push	no	no	no
Stimulus for Internationalization - Pull	no	yes	yes
Awareness of International Market characteristics	yes	yes	yes
Mode of Market Entry - Exporting	yes	low	low
Mode of Market Entry - Joint Operation	yes	no	yes
Mode of Market Entry - Wholly owned	no	yes	no
Mode of Market Entry - Wholly owned	no	no	no
RQ3. E-CRM			
B2B	yes	yes	yes
B2C	yes	yes	no
Customer Perspective Identified	yes/ quality, added value	yes/price	yes/quality
Customer concerns re Security	yes/ designs	no	no
Customer concerns re Privacy	yes/ designs	no	no
RQ4. E-INTERNATIONAL BUSINESS			
AIM - Access information about market	yes	yes	yes
AIM - Advertise to potential customers	yes	yes	yes
AIM - Communicate with international customers	yes	yes	yes
AIM - Administer international customer base	Not yet	yes	yes
AIM - Provide support services internationally	Not yet	yes	yes
AIM - Alternative to physical channel	yes	yes	yes
ASPECTS OF E-BUSINESS			
Tools - e-ERP	no	no	yes
Tools - e-marketing	yes	yes	no
Tools - e-CRM	no	no	no
Tools - e-supply chain	no	yes	no
With customers	yes	yes	no
With suppliers	no	no	no
With staff	no	yes	yes
E-communication	yes	yes	yes
E-intelligence	yes	yes	yes
E-commerce	no	no	no
E-collaboration	no	no	yes
E-IMPLEMENTATION			
- Investment	low	low	low
- Staff training	low	low	low
- Maintenance	no	no	no
- Adequate integration with other operations	no	no	no

Customer Retention

Textile SAC does not have a formal CRM strategy. The data collected suggest some limitations in terms of financial resources that have acted as a barrier to CRM; however, according to the theoretical model presented earlier, a CRM strategy does not need to be expensive as it would be sufficient to define basic procedures and processes.

Its customer retention strategy emphasizes high-quality standards and products and added value that is easily recognized by customers. Although there is no investment in CRM training, there is investment in training personnel to do a good job in the production line. The conceptual framework presented earlier suggests that quality must exist in order to create strong links with customers. Textile SAC emphasizes quality through its strategy and product positioning in order to establish customer loyalty. The company manages its customer service activities in an implicit and reactive way.

Textile SAC invests in its personnel on a regular basis through the provision of training schemes. Although this training is not related to CRM activities but to manufacturing processes, it contributes to customer retention by ensuring and maintaining quality within the production line. It is evident that Textile SAC is working on its relationships with its customers through a communications strategy. Customers are contacted at various stages ranging from the introduction of the product and development of prototype to the after-sales calls.

The company aims to become a leading export company within the sector by offering high-quality products. This is a progressive process which will demand an increasing amount of resources as the business grows. Textile SAC's implementation of a relationship strategy can be described using Osarenkhoe, and Bennani's (2007) integrated framework for implementing CRM strategy. Staff members are valued for their part in delivering quality. Training schemes are provided in order to ensure efficiency and effectiveness within the processes. Management style is diplomatic and personalized. There are only 20 customers in Textile SAC's portfolio, making their managing easier in comparison to the other SMEs such as Plastic SAC. Structure is informal due to the size of the business, and systems are very basic. There is limited software (such as ERP (Enterprise Resource Planning), SAP (Systems, Applications and Products), and integrated and supporting operations). The main functions are managed through Microsoft applications such as Excel, Access, and Word. Email and the website are the tools most exploited by the company and are used for communication with external stakeholders. Training schemes are available for training people to perform in accordance with the quality philosophy.

Plastic SAC differs from Textile SAC in that it attempts to retain customers through a competitive pricing strategy. Managers do not invest resources in training staff members to deal with the customers in a better way but rather to reduce costs and solve daily problems. As with Textile SAC, Plastic SAC does not have an explicitly defined process to measure customers' satisfaction; the organization relies on responding to negative customer feedback rather than any proactive process. Likewise, the company has no formal CRM strategy for managing and maximizing customer relationships. Indeed, Plastic SAC does not invest in CRM training for employees or in CRM operations in general. It does not procure external support from consultants either. This is a definite weakness and could be a barrier to internationalization and cost reduction within the production processes.

Plastic SAC develops a close relationship with its customers through ad hoc dialogue; however, this process is not necessarily effective because it is performed on an informal and irregular basis. There is evidence that Plastic SAC has a limited customer communication process in place which starts with introducing the products to customers and ends with an after-sales call. In order to achieve CRM strategy, organizational objectives have to be realistic (O'Toole, 2003). Plastic SAC has set realistic targets that appear to consider limitations and enable managers to focus on a few large lucrative customers rather than on many smaller ones.

The company has a quality monitoring process that focuses on maintaining standards on the production line, but it does not have the infrastructure to ensure consistency and reliability within this quality assurance process. In terms of implementing a relationship strategy, the employees of Plastic SAC are perceived as important but are not offered training. In terms of management style, there is not a marked style of management other than efforts to reduce costs and achieve a profitable price for goods sold. Management style is informal, and managers are not trained in management best practice. The structure of Plastic SAC is informal due to the size of the business. The systems in Plastic SAC are basic with the ERP system not working to 100% of its capacity and running only basic applications. The ERP system does not enable company integration with external stakeholders. CRM schemes do not exist which could support Plastic SAC in terms of the internationalization of CRM activities.

Unlike Textile SAC and Plastic SAC, Fish SAC is a recently formed company, just coming out of its start-up phase and still without a significant presence in the local domestic market. Customer retention strategy focuses on high-quality products. When the capacity of the factory is limited, Fish SAC gives priority to its larger customers. It places emphasis on quality through closely monitoring the production line (raw, cooked, packaging, cleaning, and cutting), ensuring that the final product is high quality and in accordance with company standards.

Fish SAC does not have a defined or formal process to measure and assess customer satisfaction. This company is reactive in terms of its customer satisfaction, and it relies heavily on word of mouth for customer feedback. As with both other SMEs, Fish SAC lacks a CRM strategy. Customer service is basic; informal adjustments and improvements are made as internal and external suggestions (from customers) are provided.

Fish SAC has a relatively small number of staff (15) but a high number of outsourced contractors (150), making human resource management complex. Managers place importance on training and development so that efficiency and effectiveness are maintained within the food-production processes. Training schemes exist but are not yet formalized throughout the company; however, managers attend international food trade shows in order to gain a better insight into the products sold abroad. Any knowledge gathered is also relevant to the national market. Fish SAC seeks consistent contact with its customers, but this process is not yet structured. The communication process begins with the introduction of products and ends with post-sale service. Quality processes are limited to the production lines, but, they should ideally be extended to sales, marketing, and customer service which involve communication with customers.

Fish SAC is still in start-up phase, and many of its objectives are long term. Managers are aware of the company's limitations in both procedures and infrastructure and of the need for investment in resources to facilitate growth.

Training occurs, but it is informal and on the job. Management style within Fish SAC is also informal and centered around the emphasis on quality and innovative processes. Organizational structure is well defined; however, roles and functions overlap because of its size and because it is still in its start-up phase. Systems are very basic; for example, there is no company website and the ERP is employed for internal functions that include the administration of the customer database, but this is not linked with external stakeholders' systems. Finally, Fish SAC has no CRM schemes.

Entering New Markets

Textile SAC's strategy to internationalize via a higher priced quality product demonstrates its opportunism and propensity for risk taking (Jaffe & Pasternak, 1994; Roberts, 2007). Its rationale for expanding overseas, and essentially ignoring its home domestic market, is purely proactive (Whitelock, 2002).

The level of investment is a limitation for Textile SAC in the sense that it lacks the financial resources needed to trade and compete nationally. The company is therefore wholly reliant on the international market, and all its efforts are focused on offering products with added value which fulfill its international customers' expectations. The general manager commented as follows:

We are aware of the necessity for qualified labor since our products have added value in that they are of high quality. As a response to that, [Textile SAC] they train all the personnel involved (staff and outsourcing) within the production process.

The local market conditions are still favorable, and the market is not saturated, but prices are competitive, and products are based on lower prices rather than higher quality.

While Textile SAC is opportunistic, Plastic SAC is reactive (Jaffe & Pasternak, 1994; Roberts, 2007) and is looking towards internationalization because of mature and negative market conditions in the domestic Peruvian market, which can be referred to as a passive internationalization strategy (Whitelock, 2002). Plastic SAC plans to enter international markets through joint ventures and alliances. This requires a high level of commitment from both its partners and Plastic SAC itself. Lack of investment is a barrier to internationalization for Plastic SAC, as the company lacks the requisite financial, human, and technological resources and experience to move forward, and that is why it seeks strategic partners to share risk and graft expertise (Huber, 1991). This requires a high level of commitment for which Plastic SAC is not presently able to provide.

The domestic market conditions are not favorable for Plastic SAC as its markets are reaching saturation and pricing is competitive. This makes internationalization attractive. Although the company has found some attractive alliance opportunities in El Salvador and Colombia, awareness of these markets is low, as emphasized in the interview with the Chief of Production for Plastic SAC: “One of the major obstacles within the internationalization process is analyzing the environment in order to make the right decisions.”

Fish SAC has both reactive and proactive attitudes to internationalization. On one hand, local market conditions including a saturated market and low demand for fish have driven managers reactively towards internationalization. On the other hand, the attractiveness of increase in demand for food in the world, the low stocks of fish, and the signing of new trade agreements with industrialized countries are the proactive drivers for internationalization. Fish SAC does not yet have the high levels of commitment required to enter new markets, although respondents highlighted that good relationships with brokers would be necessary for internationalization to be successful. The administration and finance manager reported attending many international seafood fairs in order to identify the products with most potential for international markets.

E-Business

Textile SAC conducts B2B and B2C transactions, but its current customer portfolio is B2B. Communication with customers is primarily via phone and email. In addition, the company uses its website to collect customer feedback. Textile SAC is aware that quality and added value in its products are important for customers. Customer information is kept in basic applications, and customer security and privacy measures are basic. Although Textile SAC is making efforts to create strong links with its customers, the role of e-business within the company is still weak, with email and the website as the only means of e-communication. Many e-business tools could be employed in order to improve the business processes.

As with Textile SAC, Plastic SAC is involved in both B2B and B2C transactions. The main modes of communication with customers are phone and email, with email facilitating basic record-keeping and communication activities. The website is used for advertising rather than for interactive communication with customers.

Plastic SAC does not have any formal procedure to deal with customer security and privacy. Instead, an informal, uninformed, and individualistic approach is taken (what Plastic SAC managers refer to as a “common sense” approach). Further to this, there is no formal CRM strategy. Information about customers is managed informally in Microsoft Excel, and only the commercial executives have access to it. The ERP merely covers accountancy and storage processes.

The role of e-business within Plastic SAC is virtually nonexistent. There are numerous e-CRM tools (such as a more interactive company website, on-line ordering, tracking, and instant messaging) that could be implemented in order to manage customer relationships and communication in a formalized and secure environment and to develop an end-to-end e-CRM process.

Fish SAC emphasizes B2B transactions. Like Textile SAC and Plastic SAC, Fish SAC communicates with its customers mainly via phone and email. The company makes little use of e-business tools, has no website, and uses limited ERP applications. Managers are aware of the necessity for developing a website and acquiring a system such as SAP to enhance the business outcomes. The conceptual framework (Figure 1) shows that customers’ perceptions are important when trying to create a strong domestic relationship. Fish SAC is aware that its customers expect quality products, and therefore, quality and improvement through innovation are the primary company objectives. Fish SAC does not have a process that manages customer data and knowledge. Information is managed informally based upon what individual managers perceive to be good practice. Hence, there is little informed practice and consistency in how customer data and information are secured and protected. Further to this, the role of e-business within Fish SAC is weak and limited; the company has no e-business strategy and does not use tools or technologies to support business goals and objectives.

E-Business and Internationalization

Textile SAC is an international company. Its employment of e-business tools and technologies is basic, and these are only being exploited as a means to communicate with customers through the website and for marketing activities. The company is not yet using e-business to administer international databases or provide support services internationally because of financial, expertise, and technical resource limitations.

Unlike Textile SAC, Plastic SAC has not yet launched its internationalization process. Plastic SAC's managers recognize that without ICT and e-business tools, the company would not be best prepared for an internationalization strategy. Plastic SAC aims to use e-business tools for analyzing the environment, advertising and communication, administration of international databases, providing support services internationally, and as an alternative distribution channel that might replace the physical ones. However, it is evident that Plastic SAC is restricted by a lack of resources as it does not have the tools needed to do basic market research and evaluation activities within the domestic market, let alone prospect and prepare for its international markets.

Fish SAC is currently focusing on domestic markets and has not initiated an internationalization process, but the company does recognize the usefulness of the Internet. The organization currently uses governmental and organizational websites to conduct market research and analysis.

Discussion

The three SMEs are based within different industries: textiles, plastics, and food. Further to this, each of the SMEs is at a different phase within its organizational life-cycle: Textile SAC is within its growth phase, Plastic SAC is within its maturity phase, and Fish SAC is within its start-up phase. Fish SAC is still trying to position itself within the national market, whereas Textile SAC and Plastic SAC have been operating for 10 and 8 years respectively and are thus established. Plastic SAC is the only company where 100% of the employees are core members of staff, whereas the other two rely on outsourcing to third party contractors. All three organizations conduct B2B transactions with other organizations, including retailers, distributors, and end firms.

Quality is a key pricing strategy across the three SMEs, but Plastic SAC places the most importance on a competitive pricing strategy. The three organizations are interested in the internationalization of their products, with Textile SAC the only SME currently actively engaging in international business. Interestingly, this SME ignored the domestic market and proactively directed its business abroad as it recognized better and more appropriate sales prospects. Plastic SAC and Fish SAC are currently operating only in the domestic Peruvian market, but both have plans to internationalize in the long and medium term respectively as part of a reactive internationalization strategy.

None of the three SMEs reported having a formal CRM strategy in place, despite all recognizing that the customers are their most valuable asset. Any hint of CRM strategy for all three organizations is informal, ad hoc, and based upon individual managers' perceptions of good practice. This suggests that while the SMEs recognize the importance of customers, they do not see investment in CRM as key to this. The short-, medium-, or long-term agenda of all three SMEs do not include either planned CRM training for staff or recruitment of CRM consultants.

These organizations perceive customer relationships as being forged through the products, prices, and quality of the goods and services offered rather than through CRM systems. Plastic SAC emphasizes low price rather than quality, while Fish SAC and Textile SAC emphasize quality rather than low price. Both Textile SAC and Plastic SAC have company websites; but these are primarily used as an extension of the shop window rather than for customer transactions and knowledge management. Customer satisfaction is measured retrospectively and responsively, based upon negative customer feedback. The telephone is the most popular tool for managing customer feedback.

Textile SAC provides an interesting case for internationalization. This SME has overlooked the largely unsaturated domestic market in exchange for proactively engaging in the overseas market and its larger profit margins. For Plastic SAC and Fish SAC, the saturated home markets have led managers to reactively explore internationalization possibilities. In the case of Plastic SAC, three new competitors entered the market in early 2009 with highly competitive prices, further compounding the problem. Fish SAC is exploring internationalization as a reaction to the dominance of Ecuadorian imports within the domestic market, the large number of local competitors, and the low consumption of fish.

All three organizations are experiencing barriers to internationalization for their given stage of growth; these include the lack of financial and technical resources and human expertise and lack of machinery, expert labor, and electronic infrastructure.

The most preferred entry into international markets for Textile SAC and Fish SAC is via export as this is cheaper, less risky, and can be controlled. Plastic SAC, however, intends to internationalize by starting a new venture or forging a strategic alliance. This would allow Plastic SAC to share risk with a powerful and

committed partner and benefit from the expertise and knowledge that this partner might bring. Consequently, Plastic SAC is looking for a distributor with significant presence in its chosen overseas market.

This study has revealed a distinct lack of e-business strategy across the three SMEs, including Textile SAC as an already internationalized SME. Further to this, only a small proportion of the budget is allocated for IT /IS business support tools, technologies, and processes. The use of e-business tools is limited; basic Internet, some customer feedback facilities, and few knowledge-management and database security systems are in place. Although the companies use some e-business tools, the time horizon for using these is on a day-to-day basis without a clear vision for the long term. The ICT tools used by the three SMEs are similar, including phone, fax, email, website, and software to support operations. These operations are merely internal and concentrate on billing and accounting. Plastic SAC uses the software Material Requirements Planning (MRP) to deal with matters of material storage, whereas Fish SAC uses ERP for managing the customer databases and payroll. These systems are basic and consist of isolated applications that do not link outside to networks with external stakeholders. Textile SAC does not have ERP or MRP, and it manages its activities by using Microsoft Excel. Fish SAC has not yet launched its website, but the organization intends to do this as part of its medium-term strategy.

In terms of the four usages of e-business, e-communication and e-intelligence are the two most common in the three SMEs. E-collaboration is used in a very fundamental sense by Fish SAC; however, the other two SMEs have shown no evidence of its use. E-commerce is not used by any of the SMEs, possibly because it is the most complex and expensive to integrate and use.

The main obstacle found to the internationalization process for the three SMEs is their inability to invest in technological expertise. Textile SAC does not have software to connect its operations with its stakeholders abroad. Fish SAC does not have a website to advertise its products, and Plastic SAC is operating its software at a rate of 80% efficiency as it has no resources to implement the remaining 20%.

Another major challenge that SMEs face when internationalizing is market research. All three SMEs view analyzing and exploring overseas markets as the most challenging step, aside from the lack of financial, human, and technological resources. All three SMEs access market intelligence from various government websites and other market intelligence websites to help with their market research endeavors; however, better e-business systems and technology would further support their market research activities.

Arguably, the most surprising finding from this comparative case study is that Textile SAC has successfully internationalized without a formal e-business strategy in place and without defined CRM processes, yet it has achieved a sustained and healthy growth within its overseas markets. In 2009, Textile SAC had increased its profits by 8% compared to 2008. While this figure is not substantial (possibly due in part to the global economic downturn), the percentage year-on-year increase still exceeds that of the other two SMEs. In 2009, Plastic SAC and Fish SAC showed a year-on-year increase in profit of 4% and loss of 28.9% respectively (compared with 2008).

Textile SAC has a small portfolio of 20 customers which means it can fulfill customer orders and manage customer databases and relationships using only basic administrative tools. Consequently, the company has not yet had to invest in buying CRM software and other e-business tools. Textile SAC finds Excel, email, and phones sufficient for satisfying this number of customers. Plastic SAC, on the other hand, serves 125 customers every month making the management of its client base more complex and involved. Despite the greater number of customers, Plastic SAC does not have specific software to administer this portfolio. Starsoft (MRP) is used for activities relating to storage and accounting. This, accompanied by informal and unlearned management styles, could bring about bad decision making and poor customer retention. As a recently established company, Fish SAC customer base is growing. The company is still investing in the business in order to compete effectively. With no website for advertising and no formal CRM strategy, attracting new customers and customer loyalty activities are left to word-of-mouth recommendations and customer goodwill.

All three organizations have a rather limited marketing and promotion strategy. Textile SAC uses government support through websites such as PromPerú (PromPerú, 2009) to list its company details and its products in order to support export development. Potential and existing overseas customers can contact any listed company through PromPerú's "contact us" features. Textile SAC pays a fee to the government for this e-business/e-communication resource. Neither Plastic SAC nor Fish SAC is currently able to take advantage of this type of e-communication facility (given their domestic market focus) because it is a government resource specifically intended for the promotion of internationalized SMEs.

A strength of Textile SAC's mission and philosophy is its focus on providing high-quality products and processes. Plastic SAC and Fish SAC pursue quality products, but machinery required for production or manufacture within their respective sectors is much more expensive than for Textile SAC. Therefore, quality is more expensive to achieve and requires a greater investment. In the case of Plastic SAC, managers want to upgrade to machines that can use recyclable materials; however, costs are preventing this move, and this has already cost the company some of its key customers. For Fish SAC, investment in machinery for quality food products has resulted in losses for its 2009 profit and loss trading period, thus restricting financial liquidity and cash flow. Management expects to recover from this and to see a return on investment in the long term.

Textile SAC also uses contractors as part of its peripheral workforce. This versatile group can be hired as and when required and enables flexibility to meet fluctuating demand for products. Many other microenterprises provide permanent support to Textile SAC regardless of variations in demand.

Fish SAC relies on flexible and cheap labor and the use of peripheral contractors, but the company struggles to meet large orders in spite of such flexible arrangements. During this research, researchers found evidence that human resource management in Fish SAC was a distinct weakness and founded on ad hoc decision making, informal management styles, and uninformed managers. Plastic SAC does not appear to demand as flexible a supply of labor and is seeking to reduce the size of its workforce.

A Framework for Internationalization

Following the discussion, the conceptual framework (Figure 1) has been developed into a framework for internationalization for the three cased SMEs (Figure 2). This framework presents key themes under four significant categories that have been found to support (and inhibit) internationalization in the three cased SMEs. The framework does not imply empirical relationships between the four categories or any sense of directionality; what it does is to provide a descriptive picture of internationalization within the three cased SMEs in terms of e-business, CRM, and push and pull factors.

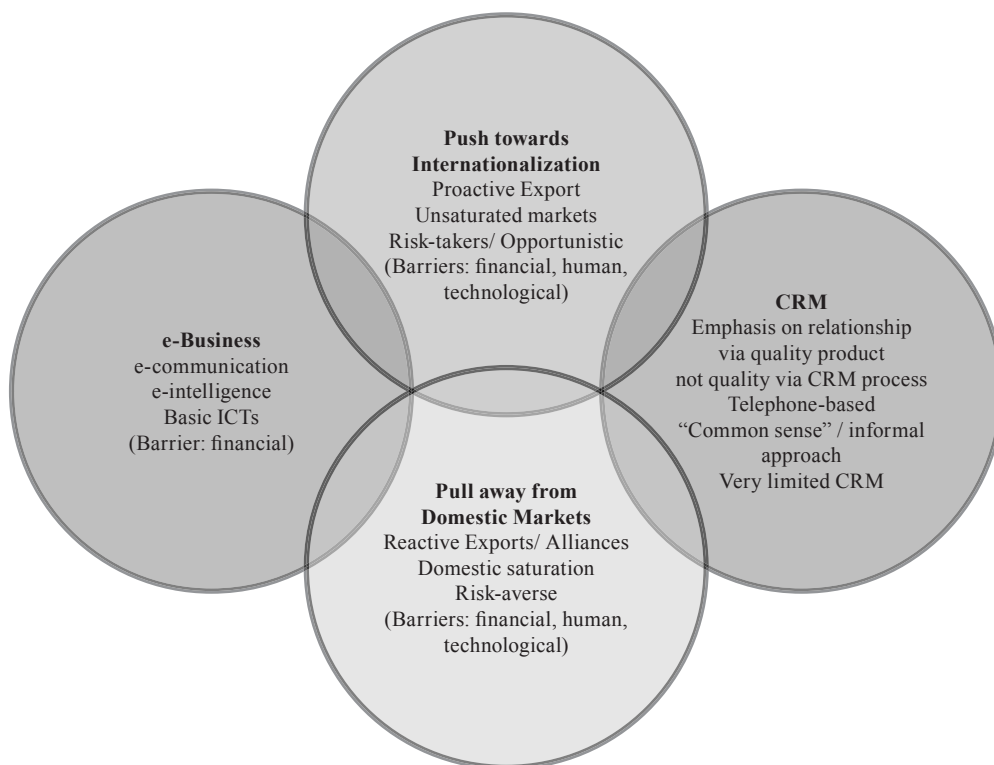


Figure 2. A descriptive framework of SME internationalization for three Peruvian SMEs.

The framework consists of four categories that have emerged from the qualitative study; e-business, CRM, a pull away from domestic markets, and a push towards internationalization. Both e-business and CRM factors

were in the original conceptual framework; however, what has emerged as significant and different is the push and pull of international and domestic markets respectively. Within each of the categories, key shared themes from the case studies are listed which describe the context of each SME.

The life cycle stage of the three organizations is different (Textile SAC: the growth, Plastic SAC: mature, and Fish SAC: start-up), but there is little evidence that this is important for intention to internationalize; what appears more significant is the maturation or saturation of the domestic versus targeted international markets. Further to this, the push and pull factors have emerged as being important determinants of internationalization. This would be an interesting emergent finding to explore.

Push Towards Internationalization

- A key strategic driver for SME internationalization is deliberate proactive growth (Hnyilicza, 2008).
- Opportunism and risk-taking propensity also emerge as facilitators for internationalization with Textile SAC being less risk averse, having ventured into international markets already.
- Key limitations of internationalization for all three SME's are limited capacity, lack of resources, and limited access to international market research intelligence and expertise.

Push Away from Domestic Markets

- A key strategic driver for SME internationalization is forced reactive survival (Hnyilicza, 2008).
- Plastic SAC emerges as more risk averse and is reluctant to break into new markets but would do so through forging strategic alliances with other companies.
- Fish SAC is also risk averse; however, it is considering exportation as a push strategy to internationalization.

E-Business

- Currently, e-business tools and technologies are underutilized for advertising and communications. SMEs rely heavily on word of mouth and telephone communication.
- Very little formal, explicit e-business activity exists within the cased SMEs. E-communication is the most utilized, and this is done informally and on an ad hoc basis.
- Textile SAC is the only firm that uses its ERP to manage customer databases but still with basic applications.
- Within the internationalization process, the main use of e-business tools is for e-intelligence and to advertise products through websites and keep close communication with external stakeholders.
- Currently, the three firms employ ICT only to monitor day-to-day work, not for making strategic decisions.
- Lack of financial, human, and technological resources is a barrier to internationalization.

Customer Relationship Management

- The three companies show awareness of the importance of customer retention, although they do not have a formal CRM strategy.
- In all three SMEs, providing quality goods is perceived of as more important for customer retention than any CRM activities. In the case of Plastic SAC, low price is also perceived important to retain customers.
- Measuring customer satisfaction is still a process to be improved within the three firms. SME's have limited financial and human resources to develop procedures. The organizations largely rely on negative feedback via telephone and word-of-mouth referrals.
- The three companies have a simple yet structured communication process with customers. The communication process is not supported by CRM systems, and managers use an informal, uninformed, and inconsistent approach to security, privacy, and relationship management. The companies show a distinct lack of defined procedures with regard to dealing with customers.
- The companies have minimal investment in people and training, although Textile SAC is making some investment in this direction.

- Flexibility is perceived as an important factor in maintaining quality and customer relationships. The three SMEs perceive a flexible labor force to be important in meeting customers' expectations and fulfilling orders.

Conclusions

The comparative case study of three Peruvian SMEs focuses on describing the effectiveness of the strategies of three companies. The discussion specifically focuses on information and communication technologies (ICTs), including e-business and customer relationship management (CRM). The paper compares and contrasts push/pull perceptions towards internationalization and the use of e-business tools and technologies for internationalization. It contributes a descriptive framework of SME internationalization based upon qualitative case-study data analysis. The three SMEs cased have provided interesting insight into SME internationalization in the Peruvian context. While two SMEs have initially targeted the domestic market, they are considering internationalization as a reactive strategy to home market saturation and increased competition. The other SME has deliberately and proactively targeted overseas markets and appears less risk averse and more opportunistic. A key barrier to internationalization for all three SMEs is limited financial, human, and technological resources. This finding is important, and it would be interesting to see if this emerges as a general theme through further research, possibly a survey of Peruvian SMEs. It is evident that e-business and CRM are largely undervalued by all three SMEs and what is done is done in an informal and ad hoc manner. Quality (delivered through products and manufacturing processes) is perceived by the three SMEs to be more important for maintaining customer loyalty than CRM and e-business strategy.

In terms of the limitations, this study does not seek to make generalizations to a sample frame. It contributes to knowledge and understanding of the specific three contexts of Textile SAC, Fish SAC, and Plastic SAC; the findings are interesting and insightful and can certainly be used to form further substantive inquiry. Moreover, the data collected are cross-sectional and only provide a snapshot of internationalization strategy and perceptions within the three SMEs at a given time. The paper does not provide a longitudinal picture of internationalization intentions.

The study does, however, provide some interesting and unexpected insights into internationalization, CRM, and e-business and highlights some important barriers that SMEs could face and that policy makers should take note of if internationalization is to be further encouraged and supported. For Peru, it would be useful to conduct further substantive research to test some of the emergent findings to generalizability, especially in terms of barriers and facilitators of SME internationalization.

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Appendix

Table 5
Customer Relationship Management

CRM	Textile SAC	Plastic SAC	Fish SAC
Formal CRM process	No	No	No
CRM training	No - just training in processes	No	No
Use of CRM consultant	No	No	No
Research about customer	No	No	Yes, for the new product they are currently developing
Sales strategy	"High quality, no matter the price"	"Same quality as competition, but lower price"	"Quality at a competitive price"
Ways of bringing new customers in	International trade shows/web site/visiting customers	Own sales team/web site	Food trade shows/word of mouth/visiting customers
Electronic database of customers	Excel, Access	Starsoft, Excel	ERP, Excel
Measure customer satisfaction	Phone calls and complaints through sales channel	Phone calls and complaints through sales channel	Phone calls, word of mouth and complaints through sales channel
Communication process	1. Introduce the product	1. Introduce product by visit to customer	1. Introduce the product
	2. Receive design from customer	2. Receive Purchase Order	2. Receive Purchase Order
	3. Build and send prototype to customer	3. After delivery "Is product working?"	3. Coordination with users (for maquila service)
	4. Receive approval from customer	4. If second order, no further communication	4. Receive suggestions and feedback
	5. Exchanging feedback	5. Cease ordering - ask customers "why?"	
		6. For large customers the communication is permanent	
Protection mechanisms	Responsible management of designs	No	Registered brands
Monitoring	Yes - high	Yes - weak	Yes - high

Table 6
Internationalization

INTERNATIONALIZATION	Textile SAC	Plastic SAC	Fish SAC
Condition of Peruvian market	With potential to grow	Saturated	Saturated
Key selling point in Peru	Price	Low Price	Quality and Price
Problems experienced	Limited capacity	Limited capacity	Limited capacity
Nature of competition	Increasing, micro enterprises	Increasing, 3 new in 2009	Dominated by Ecuadorian products
Competitor's advantage	Management of costs/volume in the production	Re-cycled raw material	Better raw material (tuna) in Ecuador
Impact on respondent company	Strengthens dependency of microenterprises (thirds) on textile SAC	Would need new machines	Make a product of higher quality with local species
Result	Flexible production/capacity	Lost some clients	Low market share
Reason to consider Intl Bus	Products better appreciated abroad (proactive)	Reaction to changes in Peru market (reactive)	Low consumption of fish in Peru (reactive)
	Higher profit margin abroad (proactive)	High competence and market saturation (reactive)	Dominance of Ecuadorian products in Peru (reactive)
	Free trade agreements with US and other countries (proactive)	Travel to El Salvador (proactive)	Increase in the food demand all over the world (proactive)
		Approach from Colombia (proactive)	Scarcity of species (fish) in industrialized countries (proactive)
			Free trade agreements with US and other countries (proactive)
Entry to international bus?	Already international	In next 5 years	In next 2.5 years
Mode of international entry	Export	Joint venture or strategic alliance	Export
Influence on mode of entry choice	Cheap and low risk	Share risk	Cheap and low risk
	Initially this will be just to provide white brands	Benefit from experience/knowledge of partner	Initially this will be just to provide white brands
Criteria for entry	Higher profit margin abroad	Partner with significant presence	Brokers with huge potential to introduce the products

Table 7
E-Business

e-BUSINESS	Textile SAC	Plastic SAC	Fish SAC
E-business strategy	No	No	No
ICT budget	No	No	No
Time horizon	Day-to-Day	Day-to-day	Day-to-Day
Managers aware of e-business?	Yes	Yes	Yes
Managers' objective	To become the leading in export	Sustainable growth in long term	Running the company based on high quality
ICT tools available	Phone/fax/email/web site	Phone/fax/email/website/MRP software (Starsoft)	Phone/fax/email/ERP software
Software used for	None	Storage of materials	Customer database
	None	Accounting/billing	Accounting
	None		Human Resources/payroll
Software in use for	it does not apply	3 years	1 year
Software linkages/connections	it does not apply	None to external database, or suppliers	None to external database, or suppliers
ICT use - e-communication	Yes - website, email to stakeholders	Yes - website, email to stakeholders	Yes - email to stakeholders and future website
ICT use - e-intelligence	Yes - search engines (Government web sites)	Yes - search engines for basic information	Yes - search engines (Government websites)
ICT use - e-commerce	No	No	No
ICT use - e-collaboration	No	No	Yes - with associations to which it belongs
Source of market information	From field & clients, government websites, other websites	From field & clients, suppliers, not Internet	From field & clients, government websites, other websites
ICT for Internationalization?			
Currently uses ICT internationally	Yes	Intends to	Intends to
International use of ICT for	Frequent contact with stakeholders	Frequent contact with partners	Frequent contact with stakeholders
Obstacles/problems	Lack of resources to invest in technology	Lacks resource to invest in technology	Lack of resources to invest in technology
Current utilization of ICT	100% of its capacity but it is still not enough	Only uses 80% of Starsoft ability	100% of its capacity but it is still not enough
ICT currently used for	Permanent communication with customers and some strategic decisions	Monitor day-to-day ops NOT strategic decisions	Monitor day-to-day ops and some strategic decisions
Training	Not perceived as problem	Not perceived as problem	Perceived as a problem
Challenge	Analyzing environment & making decisions	Analyzing environment & making decisions	Analyzing environment & making decisions

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