



Internationalisation Strategies of Companies in Service Industries:
A Study of National Telecommunication Operators from Small and
Open Economies (SMOPECs)

by

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Abstract

This thesis discusses internationalisation strategies of companies in a globalising service industry, the telecommunications industry. Differences in the internationalisation processes between manufacturing and service companies, and companies in network industries in particular, are analysed. The telecommunication industry's special characteristics are discussed. Special challenges faced by companies in small and open economies (SMOPECs) in their internationalisation are also covered. Broad research questions, and a conceptual framework and specific research propositions are presented. The methodology, a multi-case study, and research procedure are introduced, and the research findings are reported, analysed and discussed.

During the last decade there has been continuous debate on how well the traditional internationalisation (process) theories are able to explain the internationalisation of service companies. In addition, several researchers have argued that the facts that service sectors are heterogeneous and have different characteristics causes remarkable variations in the internationalisation processes of different service sectors.

The conceptual framework developed in this study to analyse the internationalisation strategies of the case companies, national telecommunication companies (telcos) from SMOPECs, is based on the earlier research in the areas of international business and strategic management. The framework consists of two main parts, internationalisation strategies and factors influencing these strategies. The four internationalisation strategies included in the framework are product strategy, operation strategy, market strategy and organisation strategy. The factors influencing internationalisation strategies have been divided into five main groups: global factors, industry specific factors, home country specific factors, company specific factors and host country specific factors.

This cross-border multi-case study includes four case companies: Singapore Telecommunications Limited (SingTel) from Singapore, Sonera Oyj (Sonera) from Finland, Telia AB (publ) (Telia) from Sweden, and Telstra Corporation Limited (Telstra) from Australia.

The key findings of the study demonstrate that although in some areas the case study companies followed processes suggested by traditional internationalisation (process) theories there were also significant deviations. These deviations are most obvious when analysing market strategies. The findings present several factors behind these deviations. The findings mostly support earlier research on service industries, although there are distinctive characteristics which apply only to the telecommunications industry, or more generally, to network industries.

The findings also demonstrate that the special challenges that companies from SMOPECs face in their internationalisation, influence their internationalisation strategies. Interestingly, in addition to these special challenges, the findings suggest that there are areas where these types of companies may have a competitive advantage in relation to their internationalisation.

The conceptual framework developed in this study helps to understand the internationalisation process in the telco industry. The framework integrates findings from both international business and strategic management research, recognising the benefits of more generalisable internationalisation models originating from economic and marketing theories, but taking into account environmental circumstances and the influence of managerial actions, emphasised more in strategic management theories. That is, more contingency approach is taken than in some traditional internationalisation models. The conceptual framework and the findings contribute to the existing research on the internationalisation of services particularly, and to international business and strategic management research more generally.

Thesis Declaration

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution to Riku Laanti and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

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Signed

Riku Laanti

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