
Introduction

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Networks and small firm internationalisation

The importance of networks in small firm internationalisation is widely recognised in the extant literature (*e.g.*, Johanson and Mattson, 1988; McDougall *et al.*, 1994; Madsen and Servais, 1997; Johanson and Vahlne, 2003). Coviello and Munro (1995) found that the internationalisation activity of smaller firms is influenced by relationships with larger partners, and Holmund and Kock (1998) identified the importance of domestic networks in SME internationalisation. Ellis and Pecotich (1998) and Angdal and Axelsson (2001) also highlight the role of social networks in the internationalisation process of SMEs.

The importance of such networks in resource acquisition or enabling smaller firms to gain the requisite knowledge and expertise to improve their international competitiveness are issues that merit ongoing enquiry. This special issue focuses particularly, though not exclusively, on networking in knowledge intensive industries, and the influence of corporate, social and ethnic ties on the internationalisation process. The papers were

selected from those reviewed for the McGill International Entrepreneurship Conference and the UK Chapter of the Academy of International Business Conference. University of Ulster, Magee College, hosted both conferences.

The first contribution by Kenny and Fahy presents a conceptual model for analysing networks in SME internationalisation. This paper is an excellent introduction to the theme of this issue, focusing on how network activities influence performance in international trade. In the second paper, Hayter and Ibeh illustrate how ethnic networks influence the internationalisation of Indian owned small businesses in the UK.

The third paper concerns the initiation of international activities by small high-technology firms. Komulainen, Mainela and Tähtinen develop a framework that includes the role of personal networks in gaining information and relationship in foreign markets, and posits an active role for social capital in developing legitimacy and publicity for a new venture. In the paper that follows, Prashantham uses the case of four software firms in the Bangalore region of India to illustrate how foreign network relationships are developed, and how they are used during the internationalisation process.

Ruokonen, Nummela, Puumalainen and Saarenketo raise an issue that is likely to attract more attention in the literature on international entrepreneurship; namely, how firms manage their networks during the internationalisation process. To date, the literature focuses on how networks form, and their role in the pace, pattern and performance of internationalisation activities. Ruokonen and his colleagues shift the discussion toward the role of managers in developing, maintaining and harvesting advantage from a network of relationships. In the sixth paper, Tikkanen and Renko further investigate the issue of managing relationships, drawing on the related literature on management of strategic alliances. Using two cases as an illustration, they develop a framework for the management of a network of relationships, especially for the purpose of furthering research and development.

Finally, Xu and McNaughton examine the networks developed by firms within close geographic proximity, and the role of universities in transferring knowledge and spinning out new ventures. This paper describes the evolution of Canada's Technology Triangle and traces the genealogy of firms in the cluster.

Taken together, these papers represent the state-of-the-art of both theory and empirical investigation of the role of relationships, networks and geographic clusters on the internationalisation patterns and processes of small and new ventures. The importance of this theme was evident at the McGill and UK AIB conferences; and is emerging as a distinct branch of study within the literature on international entrepreneurship. This development in our discipline is well illustrated by the papers in this special issue. We look forward to the research that will build on the insights in this collection and the findings and theory yet to come.

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