

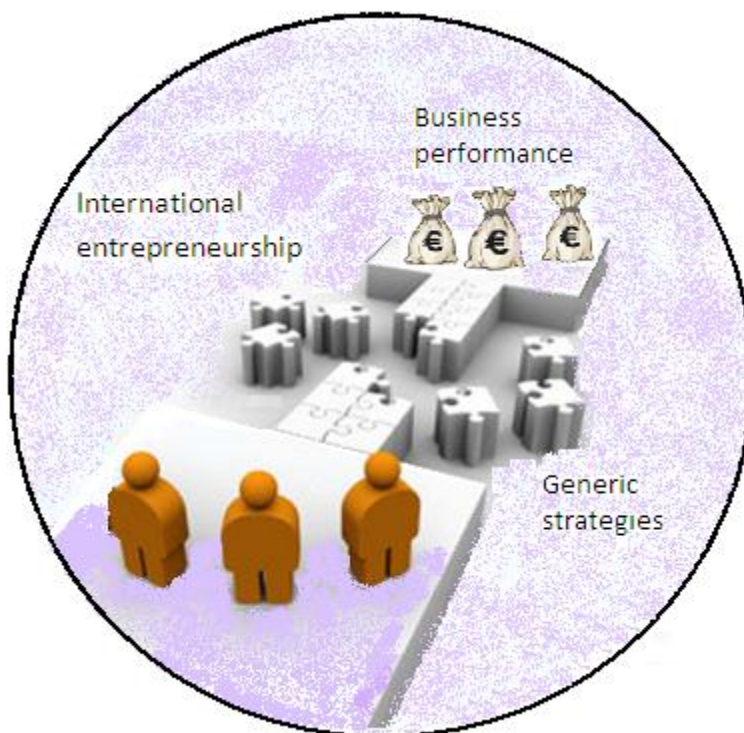
Internationalization strategies for horticultural SMEs

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This report analyzes the international entrepreneurship profile and strategy profile for horticultural SMEs. This may be used as a guideline for an analysis to create appropriate internationalization strategies for Dutch horticultural SMEs.

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February 2014,

Rianne van der Hulst

Executive Summary

The objective of this thesis is to provide insight in the possible strategies for SMEs to internationalize partially or fully, according to their entrepreneurship profile. This study will also provide insight in which effects certain internationalization strategies may have on business performance.

The Dutch horticulture is under considerable pressure and faces increasing limitations in regard to space, labour, energy and climate. Sjaak van der Tak (chairman of Greenport Holland) expects that by 2040 one out of every two farmers will have their own production facility abroad (Bannisseht 2009). Studies pay little attention to this. So, Dutch horticultural SMEs have little insight in internationalization strategies to internationalization. It is important that they have an international entrepreneurship profile combined with an adequate internationalization strategy.

This thesis applies the generic strategies model of Tracy and Wiersema (1995), the concept of international entrepreneurship by McDougall and Oviatt (2000), and the concepts of Strategic fit and Business performance. The model of Tracy and Wiersema indicates that there are three main generic competitive strategies: Operational excellence, Product leadership and Customer intimacy. The international entrepreneurship profile has been developed to create value in organizations that cross national borders. Three dimensions of international entrepreneurship include risk-seeking, innovative and proactive behaviour. The goal of the international entrepreneurship analysis was to identify the behaviour of entrepreneurs in their environment. The goal of the strategic fit analysis was to indicate if the international entrepreneurship profile was in line with this strategy. The goal of the business performance analysis was to indicate which match (strategy and international entrepreneurship profile) provides the highest change to improve business performance, and being successful on the horticultural market.

This thesis contains a multiple case study. The scope of the field research consists of 13 respondents from 14 different locations: Africa (8), Canada (1), China (1) and Europe (4). In order to collect the enterprises with best practices, different organizations – Flora Holland, DLV Plant, Rabobank, and Hillenraad - were asked for help. The Flora Holland Trade Fair was also visited. First they were asked to fill out a questionnaire. The goal of this questionnaire was to provide general information and to collect more structured data about the SME, the strategy, the international entrepreneurship profile and the business performance. At a later stage, the entrepreneurs were interviewed with the use of a half structured interview. Additional data about the horticultural sector abroad, such as the amount of people that work for a SME in Africa – and the structure of international SMEs were gathered from Mr Peter Niekus and Mr Henk de Jong (Rabobank Nederland). Based on these results, the different internationalization strategies could be analyzed.

The research sample consists of thirteen enterprises: seven partially internationalized enterprises and six fully internationalized enterprises. They operate in the horticultural sector and produce indoor plants, cut flowers or pot plants. All businesses are managed by their owners.

Depending on their motives for internationalization, the horticultural SMEs were grouped by their main focus and value discipline, see table 16, page 64. The most important motives for internationalization were the high production costs (labour, energy and soil), laws and regulations in the Netherlands and the better growing conditions abroad (climate and soil). The value propositions are best product, best total solution or best total costs. Respondents could focus on consumers, innovation or finances.

Three groups of entrepreneurs were identified and strategies for each group were recommended, see table 17, page 69. All strategies have a long term focus. The three groups identified are:

(I) Developers/innovators (x=4) are entrepreneurs that have breeding activities, or a cooperation with a breeder or future plans do breeding themselves. Their product range is driven by innovation and offering clients the best product. Their strategy is focused on product leadership.

(II) Calculating entrepreneurs ($x=5$) actively improve their businesses to reduce costs. They show limited variation in their product range and create products cost effectively. Their strategy is focused on operational excellence.

(III) Customer oriented entrepreneurs ($x=4$) deliver high quality products at competitive prices to their consumers. They are consumer oriented and concerned with supplying the customer optimally. They react proactively to changes in market demands and supply a wide product range. Their strategy is focused on customer intimacy.

Most respondents combine innovative, proactive and risk-seeking behaviour. This is demonstrated by the concept of international entrepreneurship by McDougall and Oviatt (2000). The pillars of 'innovative behaviour' are most closely related to 'developers/innovators' and 'calculating entrepreneurs'. The pillar of 'proactive behaviour' is most closely related to 'customer oriented entrepreneurs'. This is shown in table 18, page 73.

The gathered data show that 'developers/innovators' that have additional activities next to their breeding activities own more hectares, i.e. between 25 and 71 hectares. Their turnover is ranges from 16 to 30 mln. Companies with mainly breeding activities have a turnover between the 9 and 30 mln. Companies with mainly breeding activities have a better turnover per hectare, between the €1,8 and €2,3 mln. compared to the companies with additional activities. In this category the turnover per hectare was between €225,352 and €1,2 mln. The total amount of employees is also higher with the companies with mainly breeding activities, around 230 employees. These enterprises are the larger companies in this research and are all partially internationalized. High quality 'developers/innovators' that only focus on product innovation may expect to achieve a profitability of about 10% above average.

The 'calculating entrepreneurs' are scattered throughout Europe (E), in Africa (A) and the rest of the world (R). These are the smaller companies because they have the smallest turnover, between the €375,000 and €10 mln, and are between the 2.7 and 20 hectares in size. The total amount of employees varies from 3 to 175. These enterprises are partially and fully internationalized. High quality 'Calculating entrepreneurs' that only focus on process innovation may expect to achieve a profitability of about 5 to 10% above average.

In 2012, 'customer oriented entrepreneurs' had a turnover of around €12 million, between 41 and 42 hectares in size. Almost all of these enterprises are fully internationalized and located in Africa (A). In Africa work is conducted by hand, and results in the largest total amount of employees, between 700 and 1250. High quality 'Customer oriented entrepreneurs' that only focus on their consumers may expect to achieve a profitability of about 5% above average.

It would be interesting to do more research e.g. on which country horticultural SMEs can create their own production facility in, consistent with the type of the entrepreneur and also to create some insight into the opportunities which certain countries have on business performance. Thus recommendations could be given for the choice of country in which a particular type of entrepreneur could start its business in order to create a better business performance.

Moreover, in-depth insight in the firm's business performance would be useful, such insight would make it possible to advise these horticultural SME owners on how to benefit more from their acquired strategy. This information can be gathered by talking to other service providers, for example banks, accountancy firms. Besides it would be necessary to see the financial reports of these companies to draw stronger conclusions.

Furthermore, the auction will play a different role in the future. Such insight makes it possible to advise these horticultural SME owners on what effect this will have on their strategy and their future plans.

In addition, in order to get more insight in strategic fit it would be useful to do a quantitative research to create some insight into how strong the fit is between the international entrepreneurship profile and the strategy profile. 'Is a better fit also a better business performance?' Such insight would make it possible to advise horticultural entrepreneurs how to create a better business performance.

Finally, due to the scope and limitations presented, this study involved thirteen horticultural entrepreneurs. It would be useful to provide a higher number of respondents with comparable activities to draw stronger conclusions.

This multiple case study provides three important recommendations for horticultural SME owners that want to internationalize their business partially or fully:

- A They should position themselves in one of the three groups: (I) Developers/ innovators, (II) Calculating entrepreneurs and (III) Customer oriented entrepreneurs (cf. table 20, page 92).
- B They should define their strategy profile based on the strategy recommendations as shown in table 20, page 92 and implement these in their business.
- C The owners should observe in what way business performance relates to the guidelines established by the empirical findings of this study (cf. table 20, page 92).

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Notes

¹ Entrepreneurial orientation includes five dimensions: risk-seeking, innovativeness, proactiveness and competitive aggressiveness and autonomy.

² No particular order

1. Introduction – Problem definition

The demand for insight in appropriate internationalization strategies for horticultural SMEs (small and medium sized enterprises) is increasing. More than 99% of all European businesses are currently SMEs (Hulbert, Gilmore et al. 2013) and this also applies for the horticultural sector because Rijksoverheid (2012) argues that the horticultural sector is an outstanding SME sector in the Netherlands (Rijksoverheid 2012). The Netherlands are characterized by a high percentage of agricultural land use and intensive agricultural sector dominated by horticulture and livestock production (Hulst 2013). The definition of horticulture is defined as the cultivation of flowers, fruits, vegetables and ornamental plants (Hulst 2013).

The Dutch horticultural sector is one of the nine top sectors of the national economy and internationally recognized (Rijksoverheid 2012). It is a dynamic industry at an international level. Most products are primarily produced for export (Hulst 2013). At this moment the Dutch horticulture is under considerable pressure and faces increasing limitations in regard to space, labour, energy and climate. This has a direct impact on the Dutch horticultural industry. This sector counted 9,394 enterprises in 2012. This number was higher in the past, with 9,871 enterprises in 2011 and in 10,198 in 2010 (Lei 2012).

The number of entrepreneurs partly declined because of internationalization. Sjaak van der Tak (chairman of Greenport Holland) expects that one out of every two farmers will have their own production facility abroad in 2040 (Bannisseht 2009). The horticultural SMEs internationalized their businesses because of better opportunities abroad (Jong 2013; Niekus 2013). Some researchers argue that the driving forces of globalization have an influence on the internationalization of SMEs (Knight 2000; Zahra and George 2002; Nummela, Saarenketo et al. 2004).

At this point it is wise to present the definition of what internationalization really is. The definition that is used for this study is articulated by Carlof and Beamish (1995) and is defined as: *“the process of adapting firms’ operations (strategy, structure, resources etc.) to international environments”* (Calof and Beamish 1995).

Internationalization is important because it is vital for both macroeconomic and firm growth. Foreign direct investment is seen as the most extreme form of internationalization. In that case an enterprise chooses to open the intended market. In this way, a firm can stimulate higher sales volumes and the possibility of higher production volumes at lower prices (Masum and Fernandez 2008; Anderson 2011). In my immediate surroundings, it is noticeable that more and more enterprises choose partial internationalization and not full internationalization. There are two separate paths in this study for investigation, namely:

1. Go abroad and create a production facility there (in this study called: full internationalization);
2. Go partially abroad, keeping production facilities in the Netherlands, and abroad (in this study called: partial internationalization). The enterprise is thus present on both the foreign market and the domestic market.

The internationalization strategy is essential for horticultural SMEs that want to internationalize partially or fully because horticultural SMEs can create value and distinctiveness from its competitors (Zeilstra 2013). In addition, the strategy influences the business performance of SMEs. This can be by means of sales, market share or profitability (Dess and Robinson 1984; Hart 1992; Boundless 2013; LEI 2013). These tools will be investigated in the literature chapters of this thesis. The strategy reflects the direction of an organization (Johnson, Whittington et al. 2012) and deals effectively with organization related concerns; such as competitors, suppliers, and scarce resources (Knight 2000).

However, studies pay little attention to their internationalization strategy. By knowing the internationalization strategy, a company can make use of business opportunities that are associated with their international entrepreneurship profile. It might be wise to use the tools, which describe the generic strategies. The model of Tracy and Wiersema might be used for analysis. Fifteen statements are answered by the respondents to analyze the generic strategy by the enterprises.

SMEs have competitive advantages when the sufficient international entrepreneurial orientation of the managers is combined with the adequate internationalization strategy (Nummela, Saarenketo et al. 2004). Managers possess specific skills and information to measure opportunities in the market, plus the ability to create and maintain stable relationships with other firms, suppliers, customers, government and media. Managers need to be opportunity-seeking and internationally experienced in order to exploit the market. They should be able to commit to activities that would be translated as entrepreneurial services (Masum and Fernandez 2008). The concept theorised by McDougall and Oviatt (2000) overlaps with the researchers' judgment. They define international entrepreneurship as, *"..... a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organizations"* (McDougall and Oviatt 2000). This concept consists of several basic dimensions of entrepreneurial orientation¹ (Nummela, Saarenketo et al. 2004) and focused on the behavioural elements of global orientation. Different researchers; Covin and Slevin (1989), Davis et al., (1991); Khandwalla, (1977); Miller and Friesen, (1984) mention that international entrepreneurial orientation reflects the firm's overall aggression in pursuing international markets. Nine statements are answered by the respondents to analyse the international entrepreneurship profile.

In order to combine the international entrepreneurial profile with an adequate internationalization strategy, the tool of strategic fit is used, see figure 1. *"Strategic fit is the situation in which all the internal and external elements relevant for an enterprise are in line with each other and with the corporate strategy"* (Scholz 1987). The possibilities will be investigated in the literature chapters of this thesis.

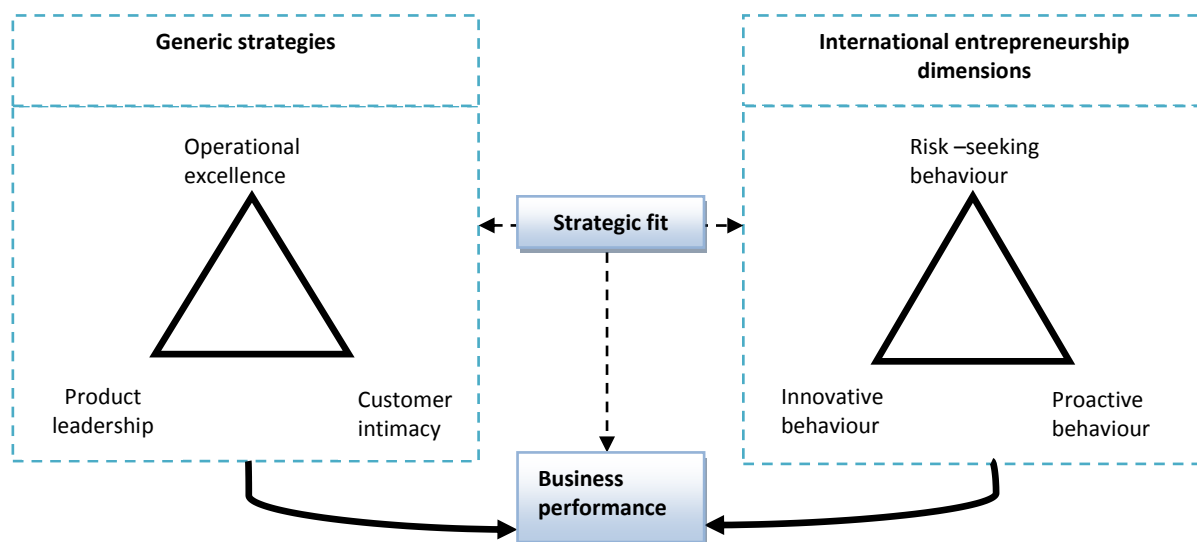


Figure 1: Research model (Source: M.T. van der Hulst)

This study will attempt to suggest which internationalization strategies should be applied in each horticultural SME. The internationalization strategies will be directly related to the characteristics of horticultural SMEs. Strategies should lead to increased sales, bigger market share, better profitability and stronger market position.

¹ Entrepreneurial orientation includes five dimensions: risk-seeking, innovativeness, proactiveness, competitive aggressiveness and autonomy.

1.1 Conceptual design

This chapter describes the conceptual design. It focuses on clarifying and limiting the field of research. The conceptual design deals with defining the subject of the research project and consists of the research objective, research framework, research questions and the definition of concepts (Verschuren, Doorewaard et al. 2010).

1.1.1 Research objective

In considering the project context (introduction – problem definition), the research objective is formulated to reflect its goal. The research objective is derived from and embedded in the project context. An area of the project context is isolated, therefore manageable for the purposes of a research project (Verschuren, Doorewaard et al. 2010). This results in a ‘problem’, which is formulated in a research objective.

This research paper will try to create a framework, which will be used to analyze the international entrepreneurship profile and the strategy profile for horticultural SMEs. After that this framework may be used as a guideline for an analysis to create appropriate internationalization strategies for Dutch horticultural SMEs. The ‘objective’ will be achieved by performing a literature study and an empirical study. An appropriate strategy is seen in this study as a strategy fitting the characteristics of SMEs and providing a better business performance for SMEs.

This research project will contribute to the challenges that horticultural SMEs are facing at the moment. It wants to increase their knowledge about internationalization strategies. Horticultural SMEs want to know which appropriate internationalization strategy is applicable for their business. This research also gives some insight into the effect certain strategies have on business performance.

The objective in relation to this research project can be stated as follows:

*The basis of this study will provide insight in appropriate strategies for SMEs to internationalise partially or fully abroad, according to its entrepreneurship profile and **this** study will give some insight into which effect certain strategies have on business performance.*

1.1.2 Research questions

The total set of research questions consists of some general and several specific research questions. These questions are answered during various phases of the research (gained knowledge) achieving the research objective (Verschuren, Doorewaard et al. 2010). Based on the research objective, these research questions were formulated.

Main question

What are appropriate strategies for Dutch horticultural SMEs to internationalise partially or fully abroad, according to their entrepreneurship profile and which effect do they have on business performance?

Sub-questions

Literature study

1. What are the characteristics of SMEs in regard to internationalization?
2. According to literature, what are the generic strategies, in order to create a strategic fit with the international entrepreneurship profile?

3. According to literature, what are innovative, pro-active and risk-seeking behavioural characteristics for international entrepreneurs, in order to create a strategic fit with the strategy profile?
4. How to create strategic fit and how to measure the effect that the strategy has on business performance?

Empirical research

5. What are the internationalization strategies of the horticultural small and medium sized entrepreneurs in the total sample? How are these strategies characterised?
6. What does the international entrepreneurship profile look like for Dutch horticultural SMEs in both situations?
7. What is the best combination of both profiles; strategy profile and international entrepreneurship profile, to get the best business performance?

1.1.3 Research framework

In this research framework, a schematic and visualised rough representation is created of the steps needed to realise the research objective. To achieve this research objective, several phases must be taken. These phases are depicted schematically in the research framework. An overview of this framework is shown in figure 2 on page 5. The framework consists of three phases; a theoretical research, an empirical research and the conclusion. The numbers are in accordance with the research questions.

In the first phase, literature research will have the central role of this research project. By studying literature sources, an answer will emerge to research questions 1 to 4. The literature study focuses on small and medium sized horticultural enterprises (SMEs), generic strategies, international entrepreneurship, Strategic fit and on business performance. The literature study helps to find the appropriate tools and concepts to create a theoretical framework.

In the second phase, the theoretical framework is used in the empirical section. This means that the theoretical framework will be integrated into a multiple case study. Research questions 5 – 7 will be answered through empirical research.

The empirical section is based on the interview questions, to create appropriate strategies for Dutch horticultural SMEs to internationalise partially or fully abroad, according to their entrepreneurship profile and to have created some insight into the effect internationalization strategies have on business performance. The interviews will be held with horticultural Dutch SMEs: five fully-internationalised entrepreneurs and five partially-internationalised entrepreneurs. All entrepreneurs are successful in their practices; these enterprises know how to organize their businesses, called best practices. It will give a clearer picture of the two paths: full and partial internationalization. Best practices will be selected by Flora Holland, DLV Plant, Kees Greeve, Combinations, the Rabobank and Hillenraad. This is done by means of a list that is composed by me based on the literature. These organizations and the foundation Hillenraad can provide relevant information for research; they know the enterprises and have further background information. One more interview is conducted with Mr Peter Niekus and Mr Henk de Jong. They guide horticultural enterprises to internationalize. They can provide this study with some background information.

The third and last phase of this research framework includes the discussion and conclusion of this research to answer the central research question. This will be the central issue in this research.

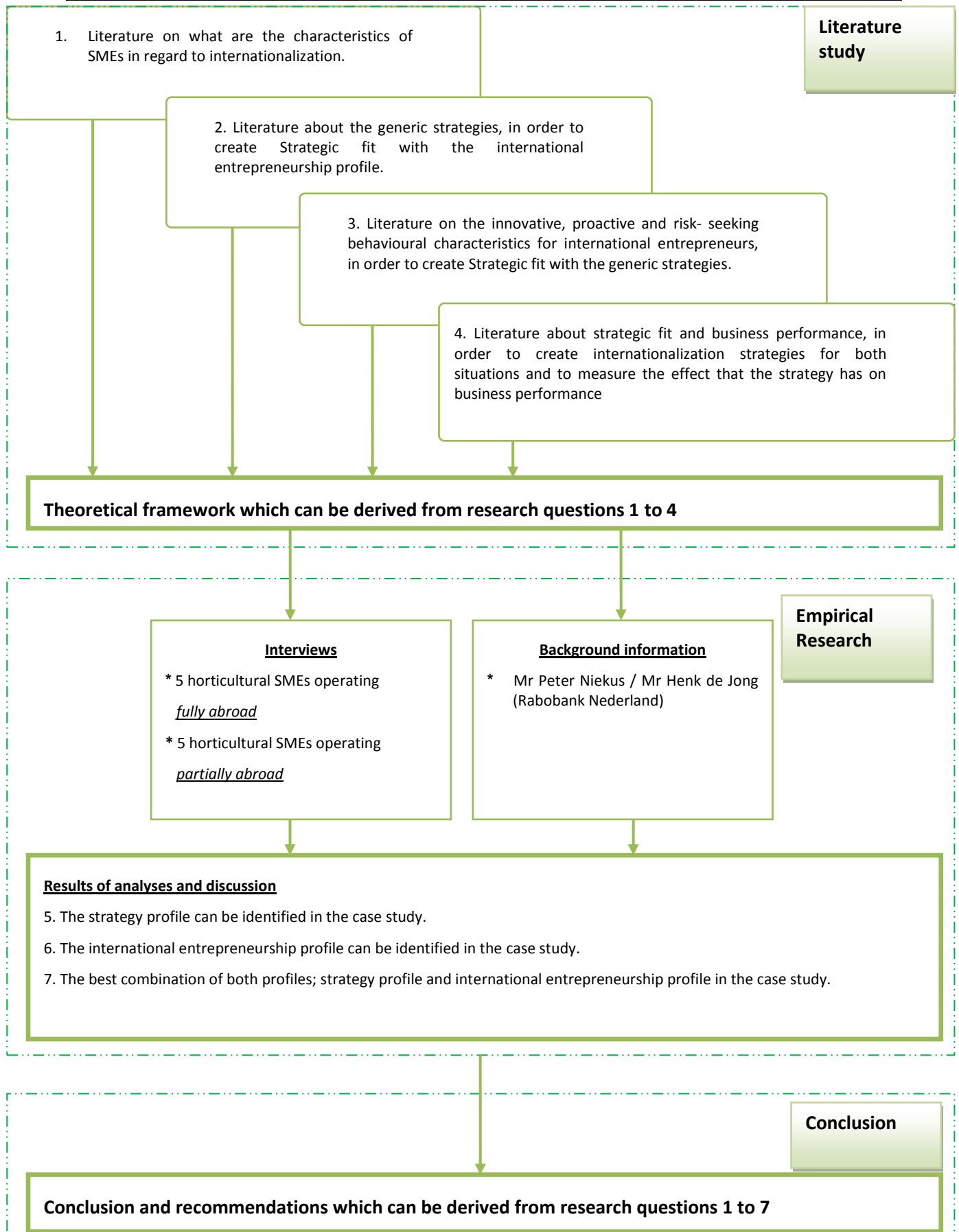


Figure 2: Research framework (Created by: M.T. Van der Hulst)

1.1.4 Definition of concepts

Concepts used within the research objective, research questions and the theoretical framework must be defined and refined in order to use a consistent meaning of these concepts throughout the research project (Verschuren, Doorewaard et al. 2010).

The definitions of the concepts used within this research are:

Small-/ medium entrepreneurs (SME) the category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises employing fewer than two hundred and fifty persons, produce annual turnovers under fifty million Euros and an annual balance sheet total not exceeding forty-three million Euros (European Commission 2003; European Commission 2013).

Internationalization *“the process of adapting firms’ operations (strategy, structure, resources etc.) to international environments”* (Calof and Beamish 1995). In this research project, I will focus on the scope in which firm internationalize, e.g.: full or partial.

1. Full internationalization means that enterprises go abroad and create a production facility there.
2. Partial internationalization means that enterprises go partially abroad, to keep production facilities in the Netherlands, and abroad.

International entrepreneurship *“...as a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organizations”* (McDougall and Oviatt 2000).

Strategy profile The strategy profile contains three layers of aspects in this study: (1) long term, (2) midterm and (3) short term. Every layer gives a period in which a strategy can be carried out. This study also looks into the content of the strategy. The content is measured with the model of Tracy and Wiersema (1995), because it directly gives some insight into the value proposition (value discipline) of the enterprise (Zeilstra 2013). The three main generic competitive strategies distinguish this model: (1) product leadership, (2) customer intimacy, and (3) operational excellence (Zeilstra 2013). Shortly, the strategy is the direction of an organisation (Johnson, Whittington et al. 2012).

Strategic fit *“.... is the situation in which all the internal and external elements relevant for an enterprise are in line with each other and with the corporate strategy”*(Scholz 1987). In other words; strategic fit is when the disciplines of Tracy and Wiersema are in line with the international entrepreneurship dimensions.

1.2 Technical research design

The technical research design focuses inter alia on how and where the research is going to be executed to answer the research questions (Verschuren, Doorewaard et al. 2010). First the method is presented, secondly the scope of limitations and thirdly the organisation of this thesis is described.

1.2.1 Methods

To find an answer on my main question, it is necessary to do research in two parts: first investigate the available literature and secondly doing an empirical research in the field of internationalization of SMEs. Related topics have been searched in the library of Wageningen University, internet and intranet. The collection of primary information, the empirical research, will be done through interviews. These interviews will be conducted on the basis of a questionnaire and interviews in response to the questions and issues that emerge in the literature developed.

1.2.2 Scope and limitations

Although this research was carefully prepared, I am still aware of its limitations and shortcomings.

First limitation is the time constraint. The whole research was conducted in seven months. Seven months is not enough for the researcher to observe a representative sample of SMEs. It would be better if it was done in more time.

Secondly, the content of the experimental group is small; only ten entrepreneurs and they don't represent the majority of the entrepreneurs who internationalize partially or fully. This means that five partially internationalized entrepreneurs and five fully internationalized entrepreneurs have been selected to participate in this research. The limitation characterized this research as an exploratory research. So, this research gives an indication for further research because the research sample is too small.

Finally, all of the entrepreneurs have their best practice. It seems that internationalization creates a positive image and that all SMEs are successful in their business. This can lead to a distorted picture of internationalized SMEs.

1.2.3 Organization of the thesis

This research has eight chapters. The aforementioned objectives will be addressed through the following chapters:

Chapter 1: this chapter gives an introduction to this research.

Chapter 2: this chapter focuses on the formulation of the theoretical framework which is based on the performed literature study. Brief information about horticultural small and medium sized enterprises (SMEs), internationalization, international entrepreneurship, and strategies of the study are described.

Chapter 3: this chapter will provide the methodology that will be applied in the empirical research. The methodology will describe how the concepts found after completing the literature study can be used within the empirical research.

Chapter 4: this chapter presents the results of the empirical research and an analysis of these results. It provides answers to the research questions 5 to 7.

Chapter 5: this chapter discusses the results of this study.

Chapter 6: will state a conclusion on the results and analysis of collected data and provides the answer the main research question: *“What are appropriate strategies for Dutch horticultural SMEs to internationalise partially or fully abroad, according to their entrepreneurship profile and which effect does it have on business performance?”* Next to that, recommendations will be brought up for horticultural SME owners that want to internationalize their business partially or fully and for a possible follow-up study.

At the end of this report there are appendixes and references.

2. Theoretical background

This chapter will start with an introduction to the theory, in which the selection of tools that will be used in the horticultural industry analysis will be presented. The introduction will be followed by a description of small and medium sized horticultural enterprises (SMEs) (§2.1), generic strategies (§2.2), international entrepreneurship (§2.3), 'strategic fit' (§2.4) and on business performance (§2.5). These theoretical tools will provide answers to the four research sub-questions. These questions are:

- RQ1. What are the characteristics of SMEs in regard to internationalization?
- RQ2. According to the literature, what are the generic strategies in order to create strategic fit with the international entrepreneurship profile?
- RQ3. According to the literature, what are innovative, pro-active and risk-seeking behavioural characteristics for international entrepreneurs in order to create strategic fit with the strategy statement profile?
- RQ4. How to create strategic fit and how to measure the effect that the strategy has on business performance?

The conclusion will summarize the answers of the sub-questions. Based on the theoretical tools a proposed theoretical framework will be created (cf. §2.6). The theoretical framework is used as the base for the empirical research.

2.1 Small and medium sized enterprises (SMEs)

According to Chandler, the strategy depends on the structure of the enterprise. In addition, the strategy again depends on the characteristics that SMEs have or can develop or invent (Stevenson and Jarillo 1990). Gathering background information will allow the creation of appropriate strategies after this study.

Small and medium sized enterprises (SMEs) are a volatile, yet vibrant part of the business environment throughout Europe (Levy and Powell 1998). SMEs dominate the industrial and commercial infrastructure, because more than 99% of all European business are SMEs nowadays (Hulbert, Gilmore et al. 2013). They are responsible for wealth and economic growth (European Commission 2013). Notice that the horticultural sector is an outstanding SME sector in the Netherlands (Rijksoverheid 2012).

The term SME refers to firms in all sectors as long as they do not exceed a particular size. In order to define the size of SMEs, researchers propose a number of indicators such as profits, total capital, market position, number of employees and turnover. The most appropriate quantitative criteria are the number of employees and turnovers. The definition that is used for this study is articulated by the European Commission:

"The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro" (European Commission 2013).

This definition is summarized in table 1.

Table 1: Definition SME

EU definition	Micro	Small	Medium	SME	Large
No. of Staff	< 10	< 50	< 250	1 - 250	≥ 250
Turnover	< € 2 mil	< €10 mil	< €50 mil	1 – 50 mil	≥ 50 mil

Source: (European Commission 2013)

2.1.1 SME characteristics

In order to achieve the purpose of this research, it is important to understand the characteristics of SMEs, because an internationalization strategy concept for SMEs, needs to account for their conditions and problems (Kraus, Reiche et al. 2007). As table 2 (adopted and supplemented “*” from Thakker, Kanda et al., 2009) illustrates, the SME characteristics.

Table 2: Characteristics of SMEs

C1	Singh (1998)	Growth in the small-scale industries sector is all about drive and entrepreneurship.
C2	Odaka and Sawai (1990)	Small businesses have acted as a reservoir of traditional manual skill, which has often resulted in economic dualism in our country where existence of relatively big organizations having imported technology, with small indigenous concerns typically operated by means of labour intensive traditional methods of production
C3	Kraus et al. (2006) and Power (2006)	Strengths of SMEs are flexibility, quick decision making and cooperation from employees, while weaknesses are the lack of technical superiority, lack of infrastructural facilities and financial resources.
C4	O’Gorman (2001)	SME advantages tend to be behavioural, stressing qualitative differentiation and innovation.
C5	Coviello and McAuley (1999) and O’Gorman (2001)	SMEs are also relatively opportunistic and in contact with relatively few rivals.
C6	Kraus et al. (2006)	SMEs are more cash focused and short term – they instil better communications and incentives necessary for exploiting internal knowledge.
C7	O’Gorman (2001) and Power (2006)	SME advantages tend to be behavioural, stressing qualitative differentiation and innovation.
C8	Arend and Winser (2005)	SMEs are more likely to have a differentiation advantage than a cost advantage, most often due to the existence of scale, scope and learning economies in the industry. The better the SME can differentiate itself, the better it can compete against the cheaper products of LEs and the better its performance will be.
C9	De Toni and Nassimbeni (2003)	SMEs are very often family businesses and hence owners bring with them a considerable amount of technical experience, which enables them to think of feasible product and process innovations SMEs suffer from lack of managerial competencies and resources, due to the structural absence of skilled professional managers, who, in LEs make it easier to both manage the NPD process and to feed the process itself with new ideas and hints produced by monitoring the outer world.

C10	Kraus et al. (2006)	SMEs have simple organizational structures and more cohesive cultures; hence, this limits the coordinating benefits of an effective customer orientation concept. Limited range of products and customers, thus, minimizing the requirement for formal procedures developed to gather and process customer or market information for decision making.
C11	Quayle (2003)	The performance of SMEs is shaped by the commercial market and expansion plans of purchase. Survival of SMEs will be determined first and foremost by their capacity to provide/produce more, at less cost in less time, with fewer defects, using fewer resources.
C12	Halley and Guilhon (1997)	The owner-manager makes organizational choices and takes strategic decisions according to organizational skills and structures and the field in which the firm operates. Hence, performance cannot be measured with same intensity.
C13*	Thakker, Kanda et al. (2009)	SMEs have often trouble in achieving economies-of-scale in the purchase of inputs like equipment, raw materials, consulting services and finance. They are not able to take full advantage of market opportunities that require: quantities of large production, homogeneous standards and regular supplies.

Source: Adopted and supplemented (*) from (Thakkar, Kanda et al. 2009)

Horticultural SMEs play an increasingly important role in the international area. When horticultural SMEs internationalize partially or fully they have to deal with some SME characteristics. However, the characteristics entail both problems and opportunities for strategy development, illustrated in table 3. Kraus and others (2007) indicated that some characteristics have some impact on the internationalization strategy of SMEs (Kraus, Reiche et al. 2007). For example, compared to large enterprises, SMEs normally maintain a lower level of resources, have more limited access to human, financial and customer capital, and lack a well-developed administration (Man, Lau et al. 2002; Kraus, Reiche et al. 2007). As a result, the application of formal planning mechanisms is often missing. The limited resources result in a concentration on a small product range in which strong competitive advantages and specific problem-solving competencies can be generated. For example, qualitative market leadership whereby the enterprise owns the largest market share or highest profitability (Kraus, Reiche et al. 2007). SMEs also tend to offer a more limited number of markets and use market penetration and product development strategies. However, large enterprises use market development or diversification strategies to offer their range of products (Kraus, Reiche et al. 2007). So, SMEs operate in a single or a limited number of markets with a small product range. Furthermore, the organizational structure of SMEs is organic, compared with large enterprises. Large enterprises have a more bureaucratic structure (Ghobadian and Galleary 1996). As a result the process of strategic decision-making is often based on experience, intuition or simply or guessing (Kraus, Reiche et al. 2007), because time is scarce. Usually they cannot afford central service departments that are able to conduct complex market analyses and studies (Kraus, Reiche et al. 2007). This has some effect on the decision making. SMEs by means of the organic structure have higher decision flexibility and direct customer contacts (Thakkar, Kanda et al. 2009). They have advanced levels of discipline and organizational skills (Masum and Fernandez 2008). This latter is particularly helpful for the conversion of R&D results into marketable innovations, although risks remain in terms of over-dependency on only a few products and the resulting lack of loss compensation (Kraus, Reiche et al. 2007).

Table 3: Problems and opportunities for strategy development

Problems	Opportunities
<ul style="list-style-type: none"> Limited resources 	<ul style="list-style-type: none"> High customer proximity
<ul style="list-style-type: none"> Limited time 	<ul style="list-style-type: none"> High market knowledge
<ul style="list-style-type: none"> Main focus on a single market or product 	<ul style="list-style-type: none"> Strong influence by the entrepreneur (engine of change)
<ul style="list-style-type: none"> Potential overload for management 	<ul style="list-style-type: none"> High identification and motivation of employees
	<ul style="list-style-type: none"> Quick implementation possible

Source: Adapted from (Kraus, Reiche et al. 2007)

This knowledge will be taken into account in selecting the respondents. In addition, this knowledge will also be used to formulate the questions of the survey and interviews. This way, the internationalization strategies will be directly related to the characteristics of horticultural SMEs.

2.1.2 Internationalization of SMEs

Internationalization is the extent into which a firm is involved in international business (Chelliah, Sulaiman et al. 2010). Firms that internationalise have to develop structures and routines which match their internal resources and competencies which will help them to acquire experiential knowledge about their foreign markets. Managers need to identify which knowledge is important to internationalize their firm. After that, it is important that managers transfer this knowledge to the rest of the organisation (Chetty and Campbell-Hunt 2003).

Internationalization is vital for both macroeconomic (Masum and Fernandez 2008) and firm growth (Chetty and Campbell-Hunt 2003; Masum and Fernandez 2008) and it involves a learning process for SMEs (Johanson and Vahlne 1977). The firm is able to acquire a deeper knowledge of the nature of new markets (Johanson and Vahlne 1977; Chetty and Campbell-Hunt 2003). Other researchers argue that a firm can stimulate higher sales volumes and create the possibility of higher production volumes at lower prices, when SMEs go abroad (Masum and Fernandez 2008; Anderson 2011). Baird, Lyles and Orris (1994) in their research showed that international strategy is positively related to the return on sales but negatively related to growth (Chelliah, Sulaiman et al. 2010). So, from this it can be concluded that SMEs can have higher sales volumes when they operate in different markets, but it also indicates that operating abroad is not always positive for SMEs. From the literature it cannot be determined whether internationalization affects the profit of SMEs who internationalize partially or fully.

Before, large enterprises competed mostly in international markets; SMEs remained local or regional (Etemad 2004), because, as Acs, Morck et al. (1997) argue, international expansions by smaller firms are more likely to fail, because the barriers are systematically higher for smaller firms than for larger firms (Acs, Morck et al. 1997). But globalization has changed the environment a bit (Etemad 2004), because globalization has removed some barriers. Those barriers segmented the national and international markets and separated small and large firms' competitive space in recent past, for example, the single European Act (December 31, 1992). In this Act the European Union (EU) made a start with the transformation of the concept of "borderless world" (Etemad 2004).

But, there are still some barriers applicable for SMEs in this research: financial market imperfections, differences in legal systems, cultures and languages (Acs, Morck et al. 1997). Researchers Chetty and Campbell-Hunt (2003) note another barrier: lack of resources, such as financial resources, information and experience. They claim that this barrier has some effect on firms' growth (Chetty

and Campbell-Hunt 2003). However, the height of the barrier is influenced by the decision-makers' level of education, foreign market experience, their ability to speak a foreign language and whether they were born abroad (Chetty and Campbell-Hunt 2003). The lack of sufficient information regards to foreign legislation, the new market and the availability of counseling services at a lower level (Peprny and Kubickova 2011). But this doesn't restrain SMEs from internationalization, because SMEs are increasingly internationalized (Knight 2000; Zahra and George 2002; Nummela, Saarenketo et al. 2004).

In Chelliah, Sulaiman et al. (2010) have identified a couple of motivations for internationalization, all these fall into the category of traditional motivations. Traditionally a trigger for internationalization was the desire to access low cost factors of production (Chelliah, Sulaiman et al. 2010), such as labour, energy, scarce raw material resources, oil etcetera. Another trigger could be described as the market seeking behaviour. Enterprises with intrinsic advantage typically related to their technology or their brand recognition gave enterprises some competitive advantage in offshore markets (Chelliah, Sulaiman et al. 2010). The traditional motivation is most relevant in this case, because Greenport Holland (2008) note that horticulture is under considerable pressure and faces increasing limitations in regard to space, labour, energy and climate (Greenport Holland 2008). Sjaak van der Tak (chairman of Greenport Holland) expects that in 2040, one out of every two farmers will have their own production facilities abroad (Bannisseht 2009). So firms internationalize their businesses partially or fully nowadays. However, there are no numbers available as to how many SMEs internationalize partially or fully abroad. Nevertheless, the questionnaire of EIM showed the opposite. This questionnaire was done in 2010 and was focused on internationally active SMEs. This questionnaire showed that of all European SMEs about 29% are importing and 25% exporting and only 2% are investing abroad. The research also showed that the percentage of European SMEs that was involved in one of the forms of internationalization in the years 2006-2008 is about 42% (EIM and GDCC 2010). From these firms about 65% are active in importing and/ or exporting. A small percentage of business activities of internationalized SMEs take place outside Europe. The average firm gets well of 70% of turnover from the home market, nearly 20% from other European countries and less than 10% from markets outside Europe (EIM and GDCC 2010). The questionnaire doesn't pay any attention to the future. So, from the literature it can be concluded that SMEs are interested in the market abroad and full or partial internationalization is therefore obvious.

In this research this information is used to formulate the control variables, because this information may also affect the internationalization strategy. These control variables are used to create a selection of companies to be investigated during this empirical study. The control variables in this research are based on this literature:

- I. The enterprise is partially or fully internationalized;
- II. The business corresponds to the characteristics of SMEs;
- III. The business is actively managed by its owners;
- IV. The business is a best practice (these enterprises know how to organize their businesses). They have financial resources available for expansion, have a strong personal relationship with their employees and have an organized administration (Man, Lau et al. 2002; Chetty and Campbell-Hunt 2003; Kraus, Reiche et al. 2007);

2.2 Generic strategies

The concept of a strategy has been developed in the strategic management literature; strategy is described in this study as:

“... an approach to reach corporate goals to be successful on a specific term” (Johnson, Whittington et al. 2012)

The internationalization strategy is the most complex strategy that any firm can undertake (Fernández and Nieto 2005). Organizations have some difficulties in implementing the strategy, the reason is that these enterprises have at least one disconnection between how they manage the strategy and how they manage operations (Kaplan and Norton 2001).

To create some insight into strategies, this study looks at two things. First of all, this research will look at the duration in which the strategy is formulated, by means of three different layers of aspects: Long term, midterm and short term. In this way there will be some knowledge about the period of time for which the strategy is formulated to get some insight into the time it takes for the enterprise to provide the results of each strategy.

Secondly, this research will look into at the content of the strategy. The content of the strategy is measured with the model of Tracy and Wiersema. Three main generic competitive strategies distinguish this model: (1) product leadership, (2) customer intimacy, and (3) operational excellence (Zeilstra 2013). In this way there is some knowledge about the main competitive strategies. The generic competitive strategy is dependent on the behaviour of entrepreneurs (Stevenson and Jarillo 1990). This model is used within the theoretical framework. So, this study will determine what the SME focused on in which layer of aspect. This is illustrated in figure 3.

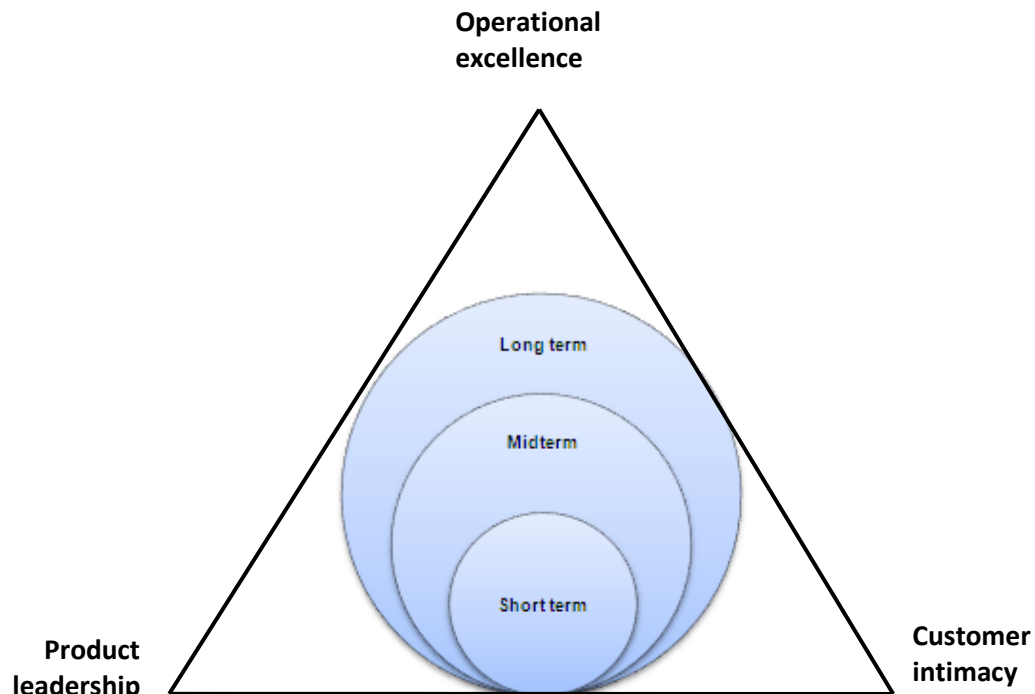


Figure 3: Strategy profile (Created by: M.T. van der Hulst)

2.2.1 Identification of the generic strategies

The strategy contains three layers of aspects which will provide insight into the duration of its formation. This information forms an internationalization strategy applicable to SMEs.

This information is not used within my theoretical framework, but is only applicable for formulating recommendations for horticultural SME owners. The three layers of aspects are: (1) long term, (2) midterm and (3) short term, illustrated in figure 4.

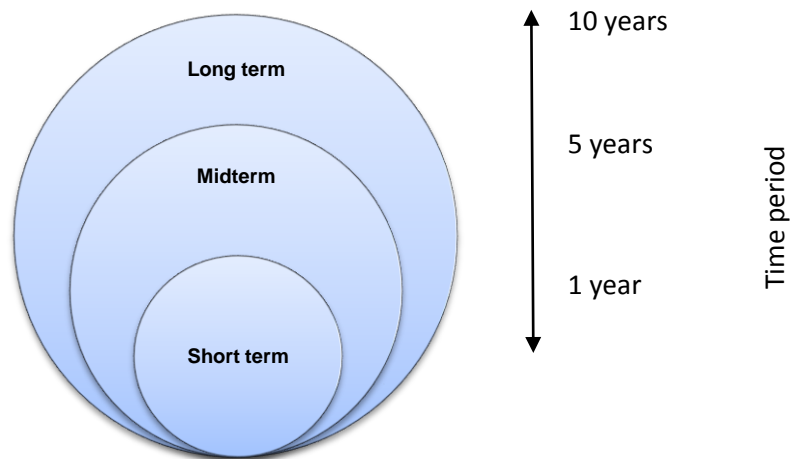


Figure 4: Layers of aspects of the strategy (source: M.T. van der Hulst inspired by Johnson, Whittington et al. 2012)

- The long term is the highest-level layer. This consists of the particular advantages or capabilities it has to deliver. It relates to goals, and refers to the desired future state of the organisation: the aspiration of the organisation (Dam and Marcus 2005; Griffith, Jacobs et al. 2006). SMEs indicate a plan in this layer strategically (Kraus, Reiche et al. 2007). The long term strategy concerned with what the organisation aspires to be. Johnson, Whittington and others (2012) formulate its purpose as “to set out a view of the future so as to enthuse, gain commitment and stretch performance”. The long term can help to mobilise the energy and passion of organisational members. In other words, a long term strategy gives SMEs a direction and consistency between, for instance, customer relationship, product demand and entrepreneurship and it distinguishes them from other SMEs (Johnson, Whittington et al. 2012). In addition, this layer is not very popular for SMEs because formal planning instruments are often missing. This means that SMEs don’t have the instruments to implement strategies on this layer. Examples of instruments are: resources, financial and customer capital (Kraus, Reiche et al. 2007). Besides Griffith, Jacobs and others (2006) mention that the long term strategy is more important for larger firms than for SMEs because larger firms have to deal with a larger amount of employees (Griffith, Jacobs et al. 2006). Nevertheless, this layer is not removed within this research, because times are changing and so interesting things can be found. In short, this layer tells the story of what the entrepreneur wants to do in the long term. In this research the scale is set to ≥ 5 years. Hereby the following question is formulated: “What do we want to achieve in 5 years?”
- Midterm forms the next layer. It is related to the scope or domain of the organisation’s activities (Johnson, Whittington et al. 2012) in a average time period. Earlier research shows that SMEs have made use of this layer. One third of the SMEs make use of long-term planning, this is regarded as ≥ 3 years (Kraus, Reiche et al. 2007). This means neither long term nor short term. In this research the scale is set between 2 and 5 years, because three layers of aspects have this study. So, it shows what the enterprise is focused on (Hart 1992) in the coming 2 to 5 years. In short, a midterm strategy tells the story what the entrepreneur

wants to do in an average period. Hereby the following question is formulated: “What do we want to achieve between 2 and 5 years from now?”

- **Short term** is the most immediate layer. This part of a strategy profile describes how the organization will achieve the objectives now. It gives the fundamental goals the organisation seeks in a short period. The goals it has set for itself in its chosen domain. In competitive environments, this refers to the competitive advantage: for example, how SMEs will achieve goals in the face of competition from other SMEs. In order to achieve a particular goal, the organization needs to be better than others seeking the same goal (Johnson, Whittington et al. 2012). Earlier research shows that this layer is popular by SMEs (Kraus, Reiche et al. 2007). This layer applied to one third of the enterprises, another one third did not apply for any layer (Kraus, Reiche et al. 2007). In short, it refers to the future positioning of the firm in the short term (Hart 1992). In this research the scale is set to ≤ 1 year. Hereby the following question is formulated: “What do we want to achieve this year?”

These three layers of aspects are summarized in table 4 below.

Table 4: Periods of the strategy

Layer	Period indicators
Long term	≥ 5 years period
Midterm	$2 \leq 5$ years period
Short term	≤ 1 year (immediate)

Source: M.T. van der Hulst (2013)

2.2.2 Tracy and Wiersema model

The content of the strategy is measured by the model of Tracy and Wiersema. This model distinguishes three main generic competitive strategies: (1) product leadership, (2) customer intimacy, and (3) operational excellence, illustrated in figure 5.

The model of Tracy and Wiersema gives some insight into the value proposition (value discipline) of the enterprise. It is essential for an organization to excel in one discipline, because the organization can create value and distinctiveness from its competitors (Zeilstra 2013). In other words; when an organization focuses on one discipline it can be assumed that they have a better business performance.

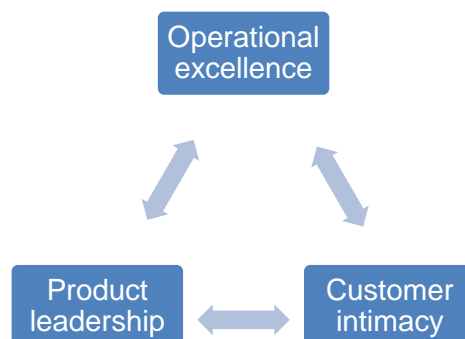


Figure 5: Three generic competitive strategies “Tracy and Wiersema triangle” (source: M.T. van der Hulst)

The characteristics of the three disciplines are:

- I. Product leadership By product leadership the focus lies on enterprises that excel in product leadership and brand marketing, innovation, design, time-to market, high margins in a short period of time (Reimann, Schilke et al. 2010; Zeilstra 2013). They want to be leader of specific products and/ or services. These enterprises create a constant stream of innovation, which is popular with both loyal and new customers. This organization invests heavily in Research & Development (R&D) and has a flexible character and encourages performance and creativity of employees (Zeilstra 2013). However, taken into account that SMEs normally maintain a lower level of resources, have more limited access to human, financial and customer capital, and lack a well-developed administration (Man, Lau et al. 2002; Kraus, Reiche et al. 2007), it may be concluded that this is not very common.

An important driver in this category is improvement of the enterprise's market position. New products are often used to improve the enterprise's market position or to create a new market (Pannekoek, van Kooten et al. 2005). In short, product leadership enterprises could be best described as valuing process R&D, directing their attention towards reducing manufacturing and distribution costs and seeking high capacity utilization. They tend to emphasize their product on either a price or quality basis and place little value in customer orientation (Hagen, Zucchella et al. 2012).

- II. Customer intimacy By customer intimacy enterprises excel in customer attention and customer service, the organization customizes products and services to the benefit of individual or near individual customers. Customers are the most important to an organization and so the focus here lies on Customer Relations Management (CRM), supply of products and services on time and above customer expectations and reliability (Zeilstra 2013). Enterprises with this value discipline invest in advertising and promotions and encourage their employees to maintain excellent relations with customers (Reimann, Schilke et al. 2010). This means that the organization is constantly working to meet the needs of the customer and mainly provides customization and one-to-one solutions with a focus on long-term customer relationship (Zeilstra 2013).
- III. Operational excellence An organization that focuses on operational excellence, will always seek the lowest possible price combined with the highest possible quality and ease of sale (Zeilstra 2013). The aim for these enterprises is to achieve efficiency and cost reduction in their operations (Reimann, Schilke et al. 2010). Operations that focus on operational excellence are superior in execution. The literature notes that most major international enterprises operate from this discipline (Zeilstra 2013). Operational excellence enterprises compete on the basis of effective production processes, quality products and well organised logistics services, to attain highly competitive cost structure (Reimann, Schilke et al. 2010).

The value disciplines of the three dimensions are summarized in table 5 below.

Table 5: Attributes of Tracy and Wiersema

	Product leadership	Customer intimacy	Operational excellence
Focus *	Excelling on product leadership and brand marketing, innovation, design, time-to market, high margins in a short period of time. Offering the client the best product.	Customer Relations Management (CRM), supply of products and services on time, customer expectations and reliability.	Effective production processes, quality products and well organised logistics services. Delivering a combination of reasonable quality at a low price.
Product range**	<ul style="list-style-type: none"> • Product range related to innovation 	<ul style="list-style-type: none"> • Wide range in products 	<ul style="list-style-type: none"> • Limited variation in product range
Value proposition	<ul style="list-style-type: none"> • Best product 	<ul style="list-style-type: none"> • Best total solution 	<ul style="list-style-type: none"> • Best total cost
Golden rule	<ul style="list-style-type: none"> • Cannibalize your success with breakthroughs 	<ul style="list-style-type: none"> • Solve the client's broader problem 	<ul style="list-style-type: none"> • Variety kills efficiency
Core Processes	<ul style="list-style-type: none"> • Innovation • Commercialization • Market exploitation 	<ul style="list-style-type: none"> • Client acquisition & development • Solution development 	<ul style="list-style-type: none"> • End-to-end product delivery • Customer service cycle
Improvement levers	<ul style="list-style-type: none"> • Product technology • R&D cycle time 	<ul style="list-style-type: none"> • Problem expertise • Service customization 	<ul style="list-style-type: none"> • Process redesign • Continuous improvement
Major improvement challenges	<ul style="list-style-type: none"> • Jump to new technology 	<ul style="list-style-type: none"> • Total change in solution paradigm 	<ul style="list-style-type: none"> • Shift to new asset base

Source: Adopted from (Kluin 2004) and supplemented (*) (Zeilstra 2013)* (**)(Strategischmarketingplan.com 2013)**

2.2.3 Measures for the generic strategies

The model of Tracy and Wiersema is widely described in the literature. This research identifies the discipline and the strategy level through 7-point Likert Scale questions. Reimann (2010), in his research also uses the value disciplines of Tracy and Wiersema. The measures indicate reliability and by means of these results Reimann provides (2010) empirical evidence. The reliability was high Reimann's research (2010) and so the measures are adopted from Reimann's work (2010), see Appendix 2; "Section 2: Generic strategies". Table 6, analyzes the statements of Reimann (2010), based on the literature earlier described in §2.2. First you see the independent variable; the three value disciplines, then the numbers. The numbers; S1, S2, S3 etcetera can be linked to the survey questions in Appendix 2; "Section 2: Generic strategies". After that the measures are given and at the end you see intra - company elements, for instance 'continuously refine and improve existing product'. The intra - company elements indicates the state the company is in.

Table 6: Measures of the strategy profile

Independent variable	NR.	Measures	Intra – company elements
Product leadership	S1	Focus on production	Continuously refine and improve existing product
	S2	Share of new product	High share of new product in their portfolio
	S3	Product development	New product development above the industry average
	S4	Design and functionality	Functionality of our products is crucial to our competitive position
	S5	Brand	The design and functionality of our products is crucial to our competitive positioning
	S6	Brand marketing	Our brand is different from other brands in terms of actual attributes and overall perceived quality
Customer intimacy	S7	Enterprise strategy	The strategy is based on understanding customers' needs
	S8	Activity	They produce products to order
	S9	Logistic	Orders are packaged and shipped in way appropriate to each customer
	S10	Focus	Employees are encouraged to focus on customer relations
	S11	Advertising	Conduct advertising at a level above the industry average
	S12	Promotions	Conduct promotions at a level above the industry average
Operational excellence	S13	Processes	Continuously improve the processes in order to keep costs low
	S14	Operating	They operate efficiently
	S15	Goal	Of continuous strive for product and cost reduction

Source: M.T. van der Hulst, inspired by (Pannekoek, van Kooten et al. 2005; Reimann, Schilke et al. 2010; Hagen, Zucchella et al. 2012; Zeilstra 2013) - See Appendix 3, question 15.

2.3 International entrepreneurship

The concept of international entrepreneurship has been developed in the entrepreneurship literature, and is described as;

“..... a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organizations” (McDougall and Oviatt 2000).

The three dimensions of international entrepreneurship include: (1) risk-seeking behaviour, (2) innovative behaviour and (3) proactive behaviour, also called the behavioural triangle in this study.

2.3.1 Identification of international entrepreneurship

As McDougall and Oviatt (2000) have pointed out, international entrepreneurship is a multidimensional construction, also called the behavioural triangle. Figure 6 shows the behavioural triangle of international entrepreneurship. This triangle represents three general dimensions. The three dimensions include: (1) risk-seeking behaviour, (2) innovative behaviour and (3) proactive behaviour.

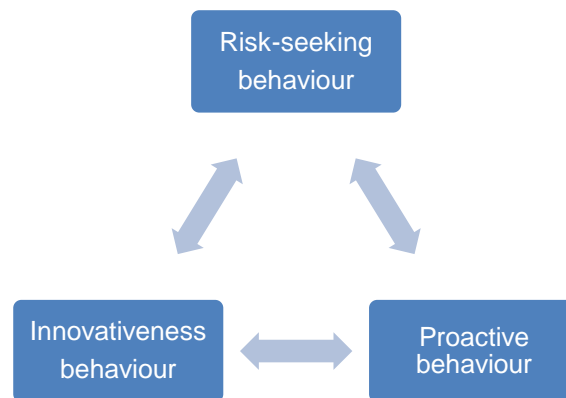


Figure 6: Behavioral triangle of international entrepreneurship (Created by: M.T. van der Hulst; 2013).

In order to develop the international entrepreneurship profile, it is critically important to identify the characteristics of the three dimensions.

Innovative behaviour

Innovative behaviour means that entrepreneurs look beyond their established business boundaries and models and participate in an open-minded, creative exploration of the realm of possibilities (Palmer and Kaplan 2007; Covin and Miller 2013). Presumably, innovation is linked with the entrepreneurs' abilities and attained training and experience. Innovativeness is not only part of the product of experience, it is also probably also connected with the entrepreneur's training and the resources under his/her control.

Innovation management studies identify an innovation orientation which is present when organizations implement new products/services, technologies and processes (Crant 2000; Hagen, Zucchella et al. 2012; Covin and Miller 2013). The category of creating new products/ services and technologies include the development or enhancement of products and services and technologies for performing organizational functions (e.g., production, marketing, sales, and distribution) (Knight 1997). It generates significant new value for enterprises (Palmer and Kaplan 2007) through uniqueness (Zahra and George 2002). New processes compel us to think about the processes by which entrepreneurial firms and their managers go about justifying their existence (Zahra and George

2002). This category includes administrative techniques (Knight 1997). This way firms can create value through efficiency and speed (Zahra and George 2002).

In short, innovative behaviour, variables like watching new product lines or services the firm has marketed in the past five years that have been favourable for the company, can act as variables for testing innovative behaviour. Firms with innovative behaviour have the following three characteristics (Covin and Miller 2013):

1. A strong emphasis on R&D, technological leadership, and innovations.
2. Very many new lines of products or services.
3. Changes in product or service lines have usually been quite dramatic.

Proactive behaviour

Proactive is the opposite of reactive (Knight 2001). It can be a high-leverage concept (Crant 2000). Buss and Finn (1987) state that proactivity is an instrumental trait because it is part of a class of behaviours that impact the environment; this is reported in Crant (1996). Bateman and Grant (1993) define it a bit differently: proactive behaviour is a tendency to initiate and maintain actions that directly alter the surrounding environment (Bateman and Grant 1993). Researchers have explored relationships between proactive personality and entrepreneurship. The definition used for this research is articulated by Crant (2000) where proactive behaviour is defined as “... *taking initiative in improving current circumstances or creating new one; it involves challenging the status quo rather than passively adapting to present conditions.*” Proactive SMEs identify opportunities and act on them (Crant 1996). Proactive SMEs show initiative, take action, and persevere until they bring about meaningful change. Knight relates it to aggressive posturing relative to competitors (Knight 2001). Aggressive posturing is an important element of job performance, leadership, and firm effectiveness and can result in increased organizational effectiveness (Crant 2000). In short, proactive behaviour has everything to do with how entrepreneurs deal with its environment.

Proactive behaviour is the way in which SMEs deal with their competitors. Firms with proactive behaviour have the following three characteristics (Covin and Miller 2013):

1. Entrepreneurs initiate actions to which competitors then respond.
2. Proactive businesses are very often the first business to introduce new products/services, administrative techniques, operating technologies, etc.
3. Typically adopts a very competitive, “undo-the-competitors” posture.

Risk-seeking behaviour

Negatively framed situations led to risk-seeking behaviour (Ireland, Hitt et al. 2003). There are different definitions for risk defined. Davis, Morris and others (1991) define risk as: “*the planning and implementation of projects entailing significant chances of costly failure*” (Davis, Morris et al. 1991). In the research of Sitkin (1992) is risk defined as: “the extent to which there is uncertainty about whether potentially significant and/or disappointing outcomes of decisions will be realized” (Sitkin and Pablo 1992). In this research risk-seeking behaviour may be characterized by the degree of risk associated with the decision made (Masum and Fernandez 2008). Risk is part of organizational uncertainty (Priem, Love et al. 2002). Entrepreneurs with risk-seeking behaviour, have different ideas how to obtain insight in their products and services. This behaviour has also some effect on trust and on the firm posture (Covin and Miller 2013). This behaviour can result in profitable enterprises (Sitkin and Pablo 1992) and can contribute to a competitive advantage (Brorström 2002).

By risk-seeking behaviour are the following aspects important; what top managers of SMEs have, what top managers of SMEs believe and how SMEs act by making decisions, can act as variables for

testing risk-seeking behaviour. Firms with risk-seeking behaviour have the following three characteristics (Covin and Miller 2013)

1. A strong proclivity for high-risk projects (with chances of very high returns).
2. Owing to the nature of the environments, bold, wide-ranging acts are necessary to achieve the firm's objectives.
3. Typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities.

2.3.2 International entrepreneurship profile for horticultural SMEs

Innovative behaviour

SMEs are successful innovators because they are more successful than larger firms but innovation is not the main activity of SMEs. Most SMEs do not deal with an innovative activity (Acs, Morck et al. 1997). However, horticultural SMEs form a different picture. It is the most important strategy in this sector (Pannekoek, van Kooten et al. 2005; Syntens 2009), in this way SMEs distinguish themselves from their competitors. The horticultural sector is accustomed to innovation when it comes to product improvement (Syntens 2009). Previous research by Pannekoek and others (2005) mentioned that horticultural firms are using new products to improve the firms market position or to create a completely new market (Pannekoek, van Kooten et al. 2005). New cultivation and breeding methods and a high level of knowledge lead to quality products in the horticultural sector (Syntens 2009). In most cases it went to cost-saving innovations such as machinery, internal logistics or other technical innovations. Also quality improving innovations were important in this sector, such as selling materials like gift wraps, pots, flow packing or cultivation techniques like assimilation lights (Pannekoek, van Kooten et al. 2005). Innovation opportunities are mainly used in making strategic choices, sustainability, differentiate the offer and finding new sales channels (Syntens 2009) and they give firms temporary monopolies: until someone else duplicates or improves their innovation. Until then, they have no competitors on the same playing field (Acs, Morck et al. 1997). Innovation is also very important in this sector because the amount of available farmland diminishes further under pressure of urbanization (Syntens 2009). Shortly, horticultural enterprises need to innovate continually also when they internationalize partially or fully.

Forms of innovative behaviour by horticultural SMEs are:

- New products to improve the firm's market position or to create a completely new market;
- New cultivation and breeding methods.

Proactive behaviour

Konijn (2013) argues that the horticultural sector has a proactive internationalization strategy because the demand of horticultural products is higher than the supply. The Netherlands have the knowledge to produce more horticultural products with less water, energy, less land and minerals. The Netherlands can capitalize on the arising business opportunities. He also argues that it is important to address these opportunities between government, research and business (Konijn 2013). Maloni (2006) indicates that consumers and employees have the greatest impact on the way they manage product expectations; because consumers could choose not to buy the product and employees may go on strike (Maloni and Brown 2006; Hulst 2013). So, proactive behaviour has everything to do with the way entrepreneurs are dealing with its environment. For example, when there are few competitors (this is when the market is not overloaded with horticultural products) the proactive behaviour is much higher than when there are more competitors. Another example has everything to do with advertising. Enterprises are very active in advertising their products to their customers, when there are a lot of competitors.

Forms of proactive behaviour by horticultural SMEs are:

- Taking actions in their environment to compete;
- They are very active to consumer expectations.

Risk-seeking behaviour

SMEs that internationalize partially or fully are taking risks, because the barriers to enter the international market are systematically higher for SMEs than for larger firms. Examples could be differences in legal systems, cultures, language and the conduct of behaviour of entrepreneurs (Man, Lau et al. 2002). This has everything to do with risk-seeking behaviour. In the last 20 years, several horticultural SMEs have created a production facility abroad in low-cost countries where they did not have previous selling presence (Griffith, Jacobs et al. 2006), this means that SMEs had a focus on cost-oriented strategies 20 years ago. From these it is mentioned that SMEs take risk when they internationalize abroad (Acs, Morck et al. 1997). Based on the research of LEI (2008) three risks are selected in the internationalization case; production risks, institutional risks and financial risks.

Production risks relate to the product itself and are directly arising from the production. Important subcategories of production risks are the weather, for instance storms, hail and extreme temperatures and the animal and plant diseases. The weather risks create a minor damage compared to regular plant diseases, LEI (2007) conclude. So, production risks have everything to do with the horticultural project, is it a high-risk or low-risk horticultural project?

Institutional risks are arising due to uncertainties concern/tightening and changes in the laws and regulations of the international government. The horticultural sector has to do with tax, licenses, production entitlements and subsidies. This legislation is continually under development, like for instance the fertilizer legislation or the environmental legislation (Baltussen, Asseldonk et al. 2006). So, an institutional risk has everything to do with the nature of the environment.

Financial risks are associated with the way in which the required capital is financed (Baltussen, Asseldonk et al. 2006). The weakness is the lack of financial resources by SMEs (Thakkar, Kanda et al. 2009), this is also one of the selected characteristics in chapter 2.1.1.. Pannekoek (2005) mentioned that an innovative entrepreneur needs a good financial buffer in order to accommodate risks and the sometimes high investments in innovation activities (Pannekoek, van Kooten et al. 2005). The financial position could be a problem in this case. The financial position includes the degree by which an entrepreneur is able to absorb other risks (Baltussen, Asseldonk et al. 2006) and this is related to the attitude of entrepreneurs. Entrepreneurs could decide to have a “wait-and-see” attitude. This means that the entrepreneur bides his time before he comes into action or has an aggressive attitude. Hereby he is the first on the market with, for instance, a new product (Covin and Miller 2013). Another financial risk is the currency. This is especially true for products that are traded in foreign currencies such as bulbs and ornamental products (Baltussen, Asseldonk et al. 2006).

In short, risk-seeking entrepreneurs undertake international strategic alliances (full/partial) to upgrade their existing capabilities or to acquire and develop new skills that expand their growth options. This is risky for entrepreneurs without significant guarantees of financial success. The risks of failure for all entrepreneurs are substantial in introducing a new product, entering international markets, or creating a new production facility abroad (Zahra 2005).

Forms of risk-seeking behaviour by horticultural SMEs are:

- Entrepreneurs take high risk projects based on production risks, institutional risks and/ or financial risks.
- Their attitude of their behaviour is related to the risk of the firm.

Based on this information, the study has noticed that there is a correlation between the general characteristics of the behavioural dimensions and the forms that come back in the behavioural dimensions of the horticultural sector.

2.3.3 Measures for international entrepreneurship

Although the concept of international entrepreneurship is widely described in the literature, there is little literature available about how to assess the behaviour in organizations. There hardly exist any measurement scales in the literature. The only one found in the literature is called the MC&S scale made by Miller/Covin and Slevin (1989). It is a scale designed to measure the behaviour of SMEs based on the concept of international entrepreneurship. In this scale the characteristics of the behavioural dimensions return. The theory, written earlier in this chapter corresponds to the model; therefore this scale is used in this study.

In Covin and Miller (2013) Aldrich observes (2000) that the dimensions of international entrepreneurship are “universal” (Covin and Miller 2013). This means that the concept of International entrepreneurship is generalizable across countries. The MC&S Scale measures the same attribute across national boundaries and, as such, demonstrates evidence of concept validity. For example, Knight (1997) collected data using this scale. He collected data from English-speaking and French-speaking enterprises in Canada. The model contains nine items in total. Knight (1997) used three items to measure the innovation sub-dimension, three items to measure the proactiveness sub-dimension, but he used two items to measure the risk-taking sub-dimension. The reason why he used two items to measure the risk-taking dimension is not known. Knight concluded that the MC&S scale was found to perform well in both English and French with regard to consistency and pattern of factor structure, internal consistency, convergent discriminant validity (Knight 1997; Covin and Miller 2013). Kreiser, Marino, and Weaver (2002) also used the MC&S scale. They conclude that “the Covin and Slevin MC&S scale can be effectively employed when conducting research on the topic of international entrepreneurship” (Kreiser, Marino et al. 2002). Kreiser, Marino and others (2002) conclude also that the MC&S scale has been utilized in a wide variety of research settings and has exhibited high levels of reliability and validity in numerous studies (Barringer & Bluedorn, 1999; Becherer & Maurer, 1997; Dickson & Weaver, 1997).

Table 7; reflects the MC&S scale. First you see the independent variable; one of the three dimensions of international entrepreneurship and then the numbers. The numbers; IE1, IE2, etcetera can be linked to the survey questions in Appendix 2; “Section 3: International entrepreneurship”. After that you see the measures and at the end the intra - company elements are shown, for instance ‘A strong emphasis of R&D, technological leadership, and innovations’. The intra – company elements indicates in which state the company is.

Table 7: Measures international entrepreneurship profile

Independent variable	NR.	Measures	Intra – company elements
Innovative behaviour	IE1	Top managers emphasis	A strong emphasis of R&D, technological leadership, and innovations
	IE2	Amount of products or service lines	Very many new lines of products and services
	IE3	Changes in product or service lines	Usually the changes in product or service lines are quite dramatic.
Proactive behaviour	IE4	Competitors' actions	Typically initiates actions to which competitors then respond
	IE5	Introduction of new products/ services, administrative techniques, operating technologies etcetera	Is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc.
	IE6	Competitiveness of entrepreneurs to competitors	Typically adopts a very competitive, 'undo the-competitors'
Risk-seeking behaviour	IE7	Projects of top managers	A strong proclivity for high-risk projects
	IE8	Top managers belief	Owing the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives.
	IE9	Attitude of entrepreneurs by making decisions	Typically adopts a bold, aggressive attitude in order to maximize the probability of exploiting potential opportunities

Source: M.T. van der Hulst; inspired by Covin and Miller; 2013 - See Appendix 3, question18.

2.4 Strategic fit

To formulate a internationalization strategy it is necessary for a manager to choose those elements that are in accordance with each other, with the given overall strategy and with the given or selected circumstances (Scholz 1987). So, strategic fit is applicable for this research and the definition of Scholz (1987) fits within this research, the definition is as follows:

“Strategic fit is the situation in which all the internal and external elements relevant for an enterprise are in line with each other and with the corporate strategy (Scholz 1987).”

This study only looked into the internal elements, the firms’ behaviour and their strategy.

2.4.1 Creating Strategic fit

The literature mentions that Strategic fit relates to the basic content of the 7-S framework of McKinsey (Scholz 1987). This framework highlights the importance of fit between strategy, structure, systems, staff, style, skills and superordinate goals (Johnson, Whittington et al. 2012). Within this research, based on the literature (§2.2 and §2.3) both concepts; strategy and international entrepreneurship, reflect in this framework, directly or indirectly. This means that both concepts can fit to each other. For this research this means that there is strategic fit possible because the disciplines of Tracy and Wiersema are in line with the dimensions of international entrepreneurship.

In order to get a firm grip on the term ‘Strategic fit’ and to achieve the research object, this study will systematize the concepts: ‘strategy’ and ‘international entrepreneurship’. With these two terms, several aspects of ‘Strategic Fit’ can be summed up. This method is inspired by Scholz (1987).

There are three basic kind of strategic fit in this case:

1. The intra – company strategic – fit between the company elements of the generic strategies;
2. The intra – international entrepreneurship – fit between the company elements of the international entrepreneurship;
3. The strategy – company international entrepreneurship – fit between the generic strategies and the corresponding elements of international entrepreneurship.

In short, both concepts; ‘strategy’ and ‘international entrepreneurship’ are observed through the intra - company elements, which are selected based on the literature described earlier in this chapter, §2.2.3 and §2.3.3. In this way, an analysis has been compiled to formulate an appropriate internationalization strategy for horticultural SMEs.

Figure 7 (inspired by Scholz (1987)) displays these three fits.



Figure 7: Types of Strategic fit (Created by: M.T. van der Hulst, inspired by Scholz (1987))

Intra – company strategic – fit

First, the intra - company elements of strategy are taken into account by ‘Intra – company strategic – fit’. The intra - company elements are investigated based on the literature (Pannekoek, van Kooten et al. 2005; Reimann, Schilke et al. 2010; Hagen, Zucchella et al. 2012; Zeilstra 2013), see table 8. The intra - company elements are described in §2.2. First the disciplines of the model of Tracy and Wiersema are shown and then the numbers. The numbers; S1, S2, etcetera can be linked to the survey questions in Appendix 2; “Section 2: Generic strategies”. After that the intra – company elements are given with their key words.

Table 8: Dimension of the strategy profile with intra - company elements

Disciplines	NR.	Intra – company elements	Key words
Product leadership	S1	We continuously refine and improve existing products	• Production
	S2	We have a high share of new product in our product portfolio	• Share of new products
	S3	We undertake new product development above the industry average	• Product development
	S4	The design and functionality of our products is crucial to our competitive positioning	• Design and functionality
	S5	Our brand is different from other brands in terms of actual product attributes (features that can be physically identified by touch, smell, sight, taste etc.).	• Brand
	S6	Our brand is different from other brands in terms of overall perceived quality (including non-tangible, psychological perceptions of the customer).	• Brand marketing
Customer intimacy	S7	Our enterprise’s strategy to achieve competitive advantage is based on our through understanding of our customers’ needs	• Enterprise strategy
	S8	We design or produce our products to order	• Activity
	S9	Orders are packaged and shipped in way appropriate to each customer	• Logistic
	S10	Our employees are encouraged to focus on customer relations	• Focus
	S11	We conduct advertising at a level above the industry average	• Advertising
	S12	We conduct promotions at a level above the industry average	• Promotion
Operational excellence	S13	We continuously improve our processes in order to keep costs low	• Processes
	S14	We are constantly improving our operating efficiency	• Operating
	S15	We continuously strive for product cost reduction	• Goal

Source: M.T. van der Hulst, inspired by (Pannekoek, van Kooten et al. 2005; Reimann, Schilke et al. 2010; Hagen, Zucchella et al. 2012; Zeilstra 2013). See Appendix 3, question 15.

The organization can create value and distinctiveness from its competitors when they focus on only one value discipline (Zeilstra 2013). This is the ideal picture within the strategy profile. For example: the entrepreneur has a value discipline of product leadership. This value discipline scores high on the

Likert scale on 'focus on production', 'share of new product', 'new product development', 'competitive position', design and functionality of our products' and brand marketing. However, the scores of the other two value disciplines are lower. In other words, the intra - company elements for product leadership score high by the interviewee compared with the intra elements of the other two disciplines. So, the enterprise has a lower business performance when the entrepreneur scores in every value discipline. For example, they score high in product leadership, customer intimacy and operational excellence, see figure 8 (page 30).

Intra – company international entrepreneurship – fit

Secondly, the intra - company elements of international entrepreneurship are taken into account by 'Intra - international entrepreneurship – fit'. The intra – company elements are investigated based on the literature of Covin and Miller (2013), see table 9. The intra – company elements are described in §2.3. In this table as well, first the dimensions of the international entrepreneurship model are shown and then the numbers. The numbers; IE1, IE2, IE3 etcetera, can be linked to the survey questions in Appendix 2; "Section 3: International entrepreneurship". After that the intra – company elements are given with their key words.

Table 9: Dimensions of the international entrepreneurship profile with intra - company elements

Dimensions	NR.	Intra – company elements	Key words
Innovative behaviour	IE1	A strong emphasis of R&D, technological leadership, and innovations	• Top managers emphasis
	IE2	Very many new lines of products and services	• Amount of products or service lines
	IE3	Usually the changes in product or service lines are quite dramatic.	• Changes in product or service lines
Proactive behaviour	IE4	Typically initiates actions to which competitors then respond	• Competitors' actions
	IE5	Is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc.	• Introduction of new products/ services, administrative techniques, operating technologies etcetera
	IE6	Typically adopts a very competitive, 'undo the-competitors'	• Posture of entrepreneurs to competitors
Risk-seeking behaviour	IE7	A strong proclivity for high-risk projects	• Projects of top managers
	IE8	Owing the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives.	• Top managers believe
	IE9	Typically adopts a bold, aggressive attitude in order to maximize the probability of exploiting potential opportunities	• Posture of entrepreneurs by making decisions

Source: M.T. van der Hulst, inspired by Miller/Covin and Slevin (2013) - See Appendix 3, question18.

The organization can create value when there is a combination of innovative, proactive and risk-seeking behaviour within their enterprise (McDougall and Oviatt 2000). This is the ideal picture within the international entrepreneurship profile. For example, the entrepreneur has innovative behaviour, proactive behaviour and risk-seeking behaviour, and so he scores roughly the same amount of points in every aspect. So, the enterprise has a lower business performance when the entrepreneur scores only in one aspect. For example, they score high in the aspect of innovative behaviour and they have low scores in the other two aspects. In other words, the intra - company

elements of innovative behaviour have high scores but the scores of the other two fields remain behind, see figure 8 page 30.

The strategy – international entrepreneurship – fit

Thirdly, based on the literature presented earlier in this chapter, a link between the three strategies of Tracy and Wiersema (1995) and the behavioural dimensions of international entrepreneurship proposed by McDougall and Oviatt (2000) are made (see table 10). In other words; the disciplines of Tracy and Wiersema are in line with the dimensions of international entrepreneurship, because an argument for this is that both concepts aim at creating a better business performance (McDougall and Oviatt 2000; Zeilstra 2013).

The literature mentioned that strategic fit has limited positive effects on achieving competitive advantages (Nummela, Saarenketo et al. 2004). This study assumes that strategic fit creates a better business performance, but this is not the case. For example, when an enterprise strategy matches the international entrepreneurship profile, it sustains a better business performance and achieves competitive advantages over its competitors. This means that the international entrepreneurship profile has some strategy characteristics such as Product leadership, Customer intimacy or Operational excellence.

In short, it is expected that if a correlation exist between the strategy profile and the international entrepreneurship profile should result in a better business performance than without, see table 10.

Table 10: Tracy and Wiersema's competitive strategies vs. behaviour for competitive advantage

No.	Disciplines of Tracy and Wiersema	Dimensions international entrepreneurship
1.	Product leadership	Innovative behaviour
2.	Customer intimacy	Proactive behaviour
3.	Operational excellence	Risk-seeking behaviour

Source: M.T. van der Hulst (inspired by the literature)

The better the fit, the better the business performance. Within this research, it is a matter of 'better' fit when:

- The international entrepreneurship profile and the strategy profile match propositions drawn from the literature.

This method creates an appropriate strategy for horticultural SMEs.

2.4.2 Discussion of strategic fit

The discussion of Strategic fit is summed up in figure 8. This figure shows the three kinds of "Strategies" relate to each other, it should be noted that all fits within the various intra - company elements of the 'strategy' ('product leadership', 'customer intimacy' and 'operational excellence') and the various intra - company elements of 'international entrepreneurship' ('innovative behaviour', 'proactive behaviour', 'risk-seeking behaviour') and between 'strategy' and 'international entrepreneurship' must be observed. This means that the formulation of the internationalization strategy must deal with the intra - company elements. For example, if an entrepreneur has the discipline 'product leadership', but does not possess 'innovative behaviour'. This means that the

entrepreneur has a lower business performance. The best recommendation in such a case is for the entrepreneur to ensure that the strategy is reflected in his international entrepreneurship profile.

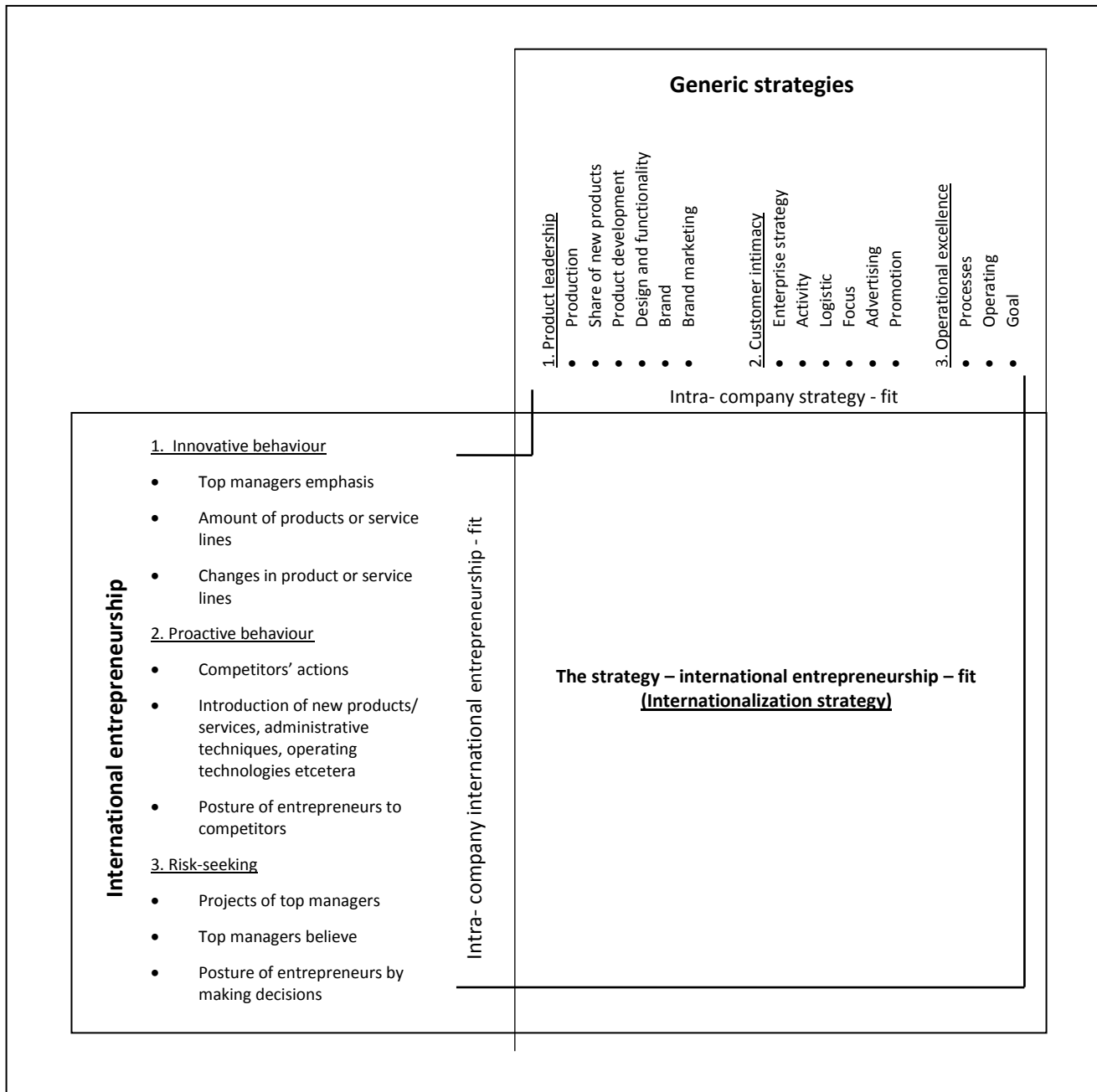


Figure 8: Strategic fit (Created by: M.T. van der Hulst, inspired by Scholz; 1987)

Garbraith (1977) and Scholz (1987) note that fit is primarily determinant of successes and this has effect on business performance.

2.5 Business performance

Firm performance is a concept that is widely used. It is a measure of how well a mechanism/process achieves its purpose (Wu 2009). Firm performance improvement is at the heart of strategic management (Venkatraman and Ramanujam 1986). In Wu (2009) Moullin (2003) defines the performance of an organization as “how well the organization is managed” and “the value the organization delivers for customers and other stakeholders” (Wu 2009). Most strategic management theories underscore performance implications, since performance is the time test of any strategy (Venkatraman and Ramanujam 1986). Other researchers argue that the organization’s performance of SMEs depends essentially on how well its management is able to use planning’. They equate ‘performance’ with successes, a definition that lacks specification (Dess and Robinson 1984).

Researchers; Venkatraman and Ramanujam (1986) have pointed out that firm performance is a multidimensional construction. They proposed three general levels of firm performance; (1) financial performance, (2) business performance (financial + operational performance) and (3) organizational effectiveness, illustrated in figure 9. Each dimension relates to particular aspects of performance (Hart 1992). This study is focused on business performance. This domain is reflected in recent strategy research (Venkatraman and Ramanujam 1986). Business performance has been developed over the last decade, main reasons for developing were; the changing nature of work; increasing competition; specific improvement initiatives; national and international quality awards; changing organizational roles; changing external demands; and the power of information technology (Neely 1999). So, this domain reflects the perspective of strategic management (Venkatraman and Ramanujam 1986).

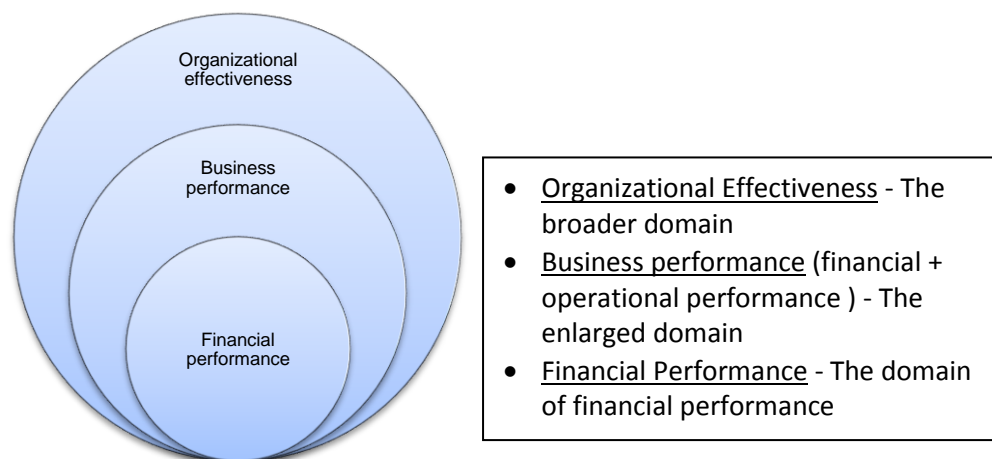


Figure 9: Circumscribing the domain of firm performance (Venkatraman and Ramanujam 1986).

Business performance appears to two dimensions (Hart 1992). The first dimension refers to sales, market share and profitability in existing businesses. The second dimension refers to the future positioning (e.g. new product development, diversification) of the firm (Hart 1992).

2.5.1 Business performance measures

Although the concept of business performance is widely described in literature, there is little literature available about how to measure business performance in this sector.

The following performance measures (comparative to competitors) will be used in this study: Sales, market share and profitability. These are the dependent variables in this study. This study also looks at the future positioning, because questions as “Please indicate how the future of your company looks like in five years? What are your sales expectations for 2013? are ask. But note that it is still difficult to assess the performance of international firms because the sales, market share or profitability can be influenced by factors specific for the horticultural sector and methods of

allocation of revenues and costs across subsidiary business units may vary (Venkatraman and Ramanujam 1986). In addition, they are identical to each other for instance they differ in hectares and employees. Besides that the economic crisis is a further aspect in the assessment of business performance.

The measure of sales renders a purely financial signal, because it gives a company's annual and quarterly rate of increase in sales. In Dess and Robinson (1984) Ansoff suggests that 'Growth in sales' provides a measure of economic performance that reflects 'how well an organization relates to their environment' by successfully expanding their 'product-market scope' (Dess and Robinson 1984).

Market share is a key indicator of market competitiveness. It is the percentage of a market (defined in terms of either units or revenue). This indicator gives insight in how well a firm is doing compared to its competitors. It is a market percentage accounted for by a specific entity. It is defined in terms of either units or revenue. Boundless (2013) argues that market share is one of the most important objectives of business. The main advantage of using market share as a measure of business performance is that it is less dependent upon macro-environmental variables. Examples are the state of the economy or changes in tax policy (Boundless 2013).

Profitability gives insight into the gain or loss on an investment over a specified period, expressed as a percentage increase over the initial investment cost. If the number is smaller than 100, the yields are too low to cover all costs. Often this means that the payment for labour and capital is not competitive (LEI 2013). The main costs, which affect the cost-price in this sector are: labour costs, production capability costs, sales activity costs and transportation cost (Wijnands 2003).

2.5.2 Measuring business performance

In this study, a total of fifteen questions are asked, to identify the performance of the enterprise. These questions are formulated based on the background information gathered from Mr G. Geijteman, Mr R. van der Hulst and Dr G. Dik, Mr Henk de Jong, Mr Peter Niekus and Mr Marcel van Schaik (2013).

The business performance of the enterprise is identified through evaluation of the market share, sales and profitability. The control variables, as given in section 1 of the questionnaire give an indication of how big the company is.

Sales give some insight in the act of selling products or services in return of money, which can calculate some interesting numbers, for example, the number of sales per unit. This gives an indication how operational the company is. "How much does one hectare produce?" "What is the number of sales per employee?"

The market share gives insight in how well a firm is doing against its competitors. When the percentage is growing when the company set up the production facility abroad, it indicates that the company has a better market position, which is shown in the question 27-32.

However, Mr Peter Niekus and Mr Marcel van Schaik mentioned that you can't judge companies based on sales and market share. With this information you can only determine that the company has grown over the years but you can't measure performance (Niekus 2013; Schaik 2013). This is not being found in the scientific literature.

Profitability is expressed as a percentage in this research; total revenue divided by total cost (LEI 2013). Companies do not like to give away financial information. In order to solve this problem, this study asked about rates and numbers, for instance question 19: "What percentage of your turnover is reserved for the following costs in 2012?" The main costs within this sector are; labour costs, sales activity costs, production capability costs and transportation costs. Besides, 15% of the turnover are contingency fees; for example costs for the auction, costs for the bookkeeper (external) and insurance costs (Schaik 2013).

Hopefully, with these percentages this study can make an estimation of the costs, based on the information that is collected from my control variables.

However, “it is difficult to say how well a company is doing because it is dependent on so many factors” (Geijteman 2013; Hulst 2013; Schaik 2013). Besides the fact that companies do not provide their financial results, time constraint is also an issue. For this reason only the above three performance indicators are used. Which questionnaire questions covered the business performance measures is summarized in table 11.

Table 11: Measures business performance

	Questionnaire question
Sales	20, 21, 22, 23, 24, 25, 26
Market share	27, 28, 29, 30, 31, 32
Profitability	19, 33 (control variables)

Source: M.T. van der Hulst (2013) – See appendix 3, section 4

2.5.3 Categories of business performance

Based on the three performance indicators: sales, market share and profitability, it is thought that this study can say something about how well a company is doing.

In the first place this study categorized the business performance in three categories; (1) good, (2) average and (3) bad. This means when the business performance is good, it means that improvements are not necessary. Average means, business performance might be better but there are some improvements necessary to create a higher profitability. Bad means that the business performance is too low, in this case the profitability is smaller than 100. This means that the yields are too low to cover all costs. Often this means that the payment for labour and capital is not competitive (LEI 2013), see figure 10.

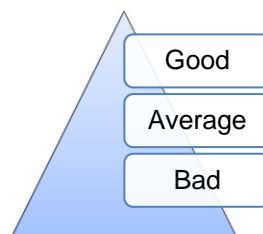
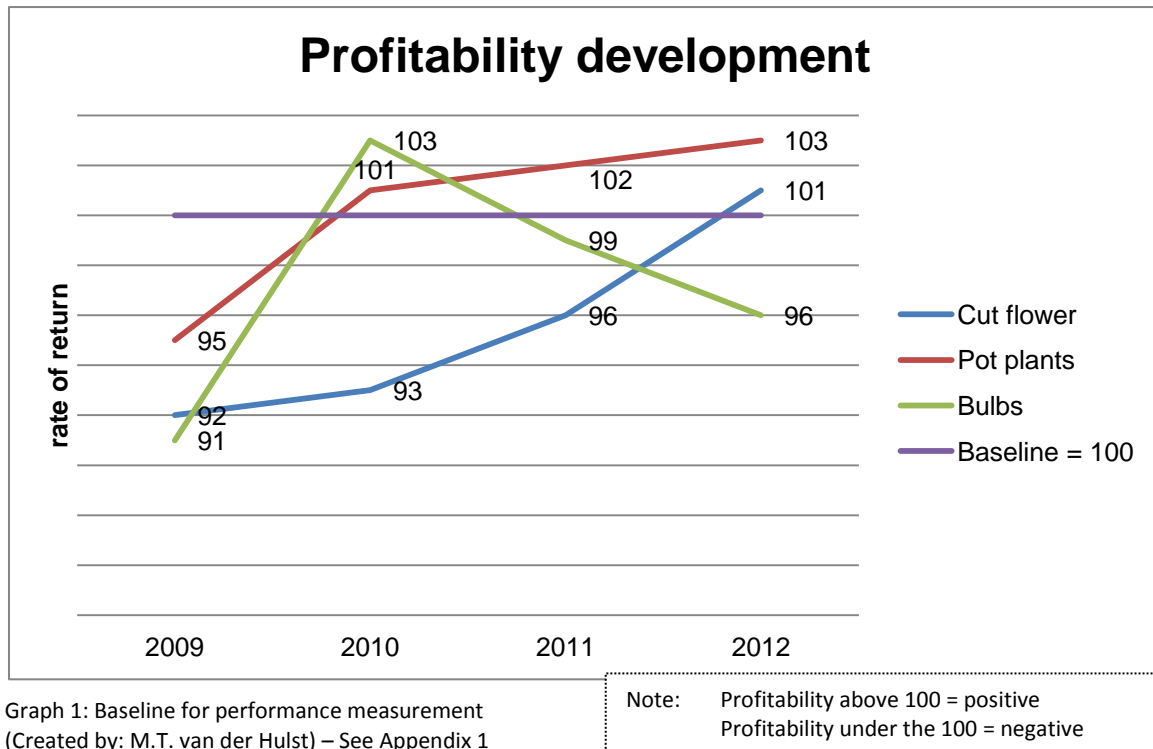


Figure 10: Business performance categories (Created by: M.T. van der Hulst; 2013)

But what defines the difference between an ‘average’ company and a ‘good’ company, or between a bad company and an ‘average’ company. To define these boundaries, this question was given to Mr Peter Niekus and Mr Marcel van Schaik (2013). They are account managers of Rabobank Nederland and Flynth Lisse – The Netherlands. Mr Peter Niekus guided Dutch companies in their internationalization process (Niekus 2013) and Marcel Van Schaik guided Dutch horticultural companies in the Netherlands (Schaik 2013). Both mention that you can’t say when a company is ‘good’, ‘average’ or ‘bad’, it is dependent on their effort and what their opinion is (Niekus 2013; Schaik 2013). So, it is difficult to categorize the enterprises in ‘good’, ‘average’ or ‘bad’, especially for sales and market share. The market share for SMEs is inapplicable and sales are different for every product category. However, it is believed companies with profitability under 100 cannot perform on the market or pay their bills with their produce and therefore lack viability.

BINternet represents the average profitability of the entire horticultural sector in the Netherlands (see Appendix 1). BINternet shows that the profitability is 101 for companies with a production

facility of cut flowers. Companies with a production facility of potted plants have a profitability of 103, and companies with a production facility of bulbs have a profitability of 96 (see graph 1). It is problematic that there is no clear picture of the revenues and expenditures of horticultural companies. Mr Marcel van Schaik (2013) indicates that this relates to the interpenetration of the horticultural and entrepreneurial family. As a result of the financial interpenetration between the company and the family, allowances remain available for the use of labour and capital by the family business for the company. This is an explanation for the fact that the continuity of the company is not directly jeopardized when the revenues fall short of the costs. The entrepreneurial family can, as long as sufficient liquidity to, settle for a lower pay for the labour and power than is justified in financial terms. Thus they can continue their business (Schaik 2013). The profitability development of the last few years is represented in graph 1.



The baseline is set at 100 because at that point the costs are in balance with the yield. Based on the information above we conclude that you can't say when a company is 'good', 'average' or 'bad', therefore an extra question (question 33 in the questionnaire) is created: *"If you look at the profitability. Are you satisfied with your profitability if you look at the effort you made to acquire it?"* In this way, we can determine the boundaries after the questionnaire, hopefully. Furthermore, Mr Peter Niekus suggested that would also be interesting to ask a question like: *"Are you able to pay for your annual expenses?"* The respondent can make a choice between; Yes, Sometimes and No. He gave me the advice to ask this question as an interview question because companies are not very open to give this information. By an interview they are more open.

Companies that are satisfied with their profitability and able to pay their bills annually have a better business performance. In this study, it is assumed higher profitability is related to how the company does. In this study, it was not possible to categorize the enterprises in good, average or bad.

2.6 Conclusions theoretical research

Based on the literature study, the answers of the first four research questions will be presented in this sub-chapter. There are also three propositions formulated. The propositions are linked to research questions 2 to 4; research question 2 is linked to proposition 1, research question 3 is linked to proposition 2 and research question 4 is linked to proposition 3. They are illustrated after each proposition. These three propositions will be tested in the empirical research. Research question 1 has no proposition because this question contains control variables and acts as background information.

2.6.1 Propositions

RQ1. What are the characteristics of SMEs in regard to internationalization?

SMEs employ fewer than 250 persons and have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro (European Commission 2013). Internationalization has some pros and cons for SMEs. The organizational structure of SMEs is simple (flat structure), with a lack of hierarchy allowing them to have a more flexible work environment and enabling the top management to build a strong personal relationship with employees. Therefore, SMEs are more likely to survive in turbulent environments. Besides that it brings lower costs for enterprise management and it reduces bureaucracy. SMEs consider a large numbers of innovations. They are willing to look for small niche markets and in addition they adapt better to local markets. It may be concluded that these characteristics have some positive impact on the internationalization process of SMEs. Nevertheless, SMEs have also some disadvantages to operate abroad because large investments are needed and this is often a problem. Finally another disadvantage is that SMEs have limited resources for promotion and advertising.

RQ2. According to literature, what are the generic strategies, in order to create strategic fit with the international entrepreneurship profile?

The strategy will be viewed in three different layers of aspects; long term, midterm and short term. In this way, this study will gain insight into the duration in which the strategy is formulated. The content of the strategy is measured with the model of Tracy and Wiersema. This model distinguishes three main generic competitive strategies: (1) product leadership, (2) customer intimacy, and (3) operational excellence. This model gives some insight into the value proposition (value discipline) of the enterprise. It is essential for an organization to excel in one discipline, because that way the organization can create value and distinctiveness from its competitors (Zeilstra 2013). This is reflected in the business performance.

Proposition 1

It is expected that enterprises that focus on one value discipline of the model of Tracy and Wiersema will have a better business performance than those focusing on more value disciplines.

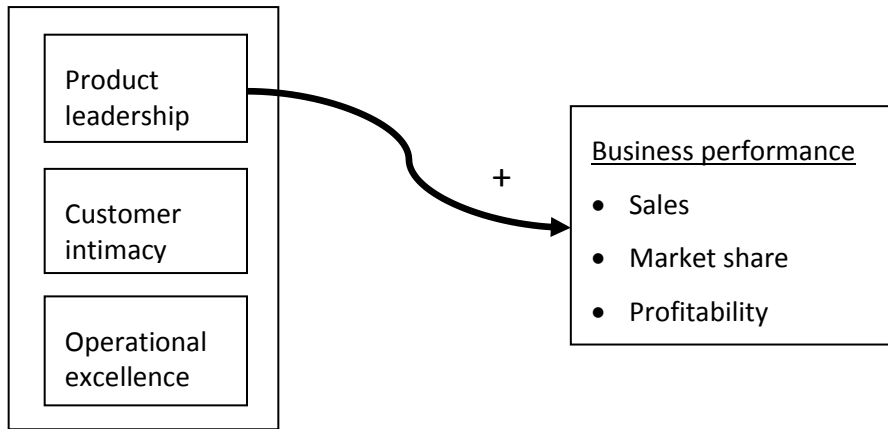


Figure 11: Correlation "Product leadership" and "Business performance" (Created by: M.T. van der Hulst; 2013)

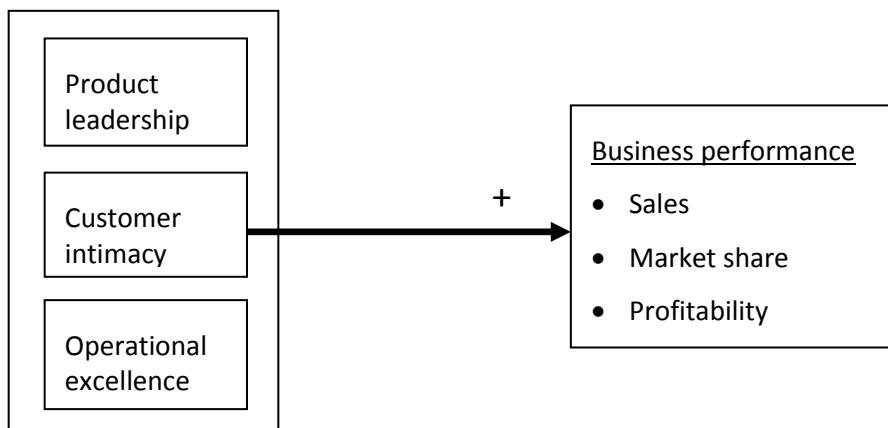


Figure 12: Correlation "Customer intimacy" and "Business performance" (Created by: M.T. van der Hulst; 2013)

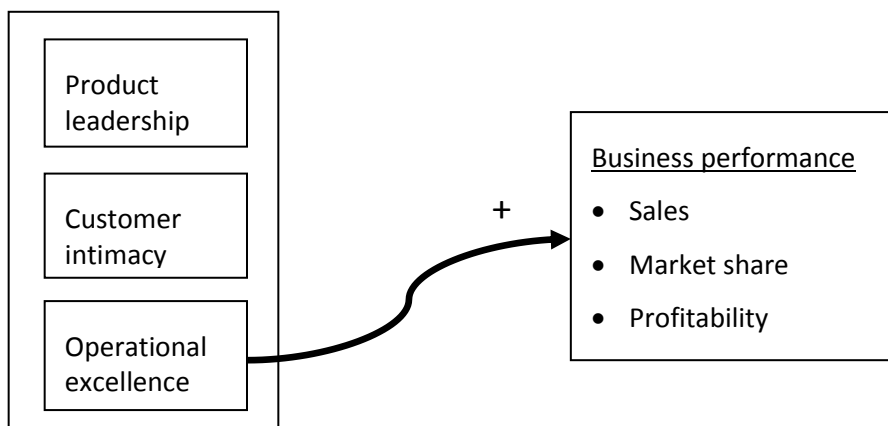


Figure 13: Correlation "Operational excellence" and "Business performance" (Created by: M.T. van der Hulst; 2013)

Enterprises focus on one discipline when the total scores differ with two from those of the two other disciplines. Fifteen statements are formulated to find out which strategy an enterprise performs.

For example, the enterprise scores maximum points on 'product leadership', this is 42 points (6 statements x 7 (7-point Likert scale)). The enterprise scores 12 points on 'customer intimacy' and it scores 26 points on 'operational excellence', see table 12, despite the fact that 'operational excellence' has half as many questions. They have three statements compared with the other value disciplines which have six statements. To deal with this problem, it is decided to double the scores of these questions. So, when the scores are 6, it means that the total scores are 12 (6 points x 2).

Enterprises that focus on one discipline have two points difference compared to another discipline. So, in the above example, the enterprise has a final score of 7 for 'product leadership'; 42 was the score on the Likert scale / 6 statements give us a final score of 7. 'Customer intimacy' scores 2.00 and "operational excellence" scores 4.33. This means that this enterprise focuses on one value discipline; 'product leadership' because there is a distinction of two points ($7 - 4.33 = 2.67$) between 'product leadership' and 'operational excellence'.

Table 12: Example proposition 1

Value discipline	Total scores questions	No. of questions	Weight of questions	Final score
Product leadership	42 /	(6 x	1) =	7
Customer intimacy	12 /	(6 x	1) =	2.00
Operational excellence	26 / (Score x 2)	(3 x	2) =	4.33

Source: M.T. van der Hulst; 2012

This proposition places profitability above 100, but here is still room to improve their business performance.

RQ3. According to literature, what are innovative, pro-active and risk-seeking behavioural characteristics for international entrepreneurs, in order to create strategic fit with the strategy profile?

The innovative, proactive and risk-seeking behavioural characteristics belong to the concept of international entrepreneurship. International entrepreneurship is defined as: “..... a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organizations” (McDougall and Oviatt 2000). The three dimensions include:

- Innovative behaviour refers to the pursuit of creative or novel solutions to challenges confronting the firm, including the development or enhancement of products and services, as well as new administrative techniques and technologies for performing organizational functions (e.g., production, marketing, sales, and distribution) (Knight 2001).
- Proactive behaviour is the opposite of reactivity (Knight 2001). It is the way in which SMEs dealing with their competitors can act as variables for testing proactive behaviour.
- In risk-seeking behaviour the significant difference is that the planning and implementation of projects cost money (Davis, Morris et al. 1991). The following aspects are important; the assets of the top managers; the things they believe in and the way they act in making decisions, can act as variables for testing risk-seeking behaviour.

Proposition 2

It is expected that enterprises which have a combination of innovative, proactive, and risk-seeking behaviour have a better business performance than when this is not the case.

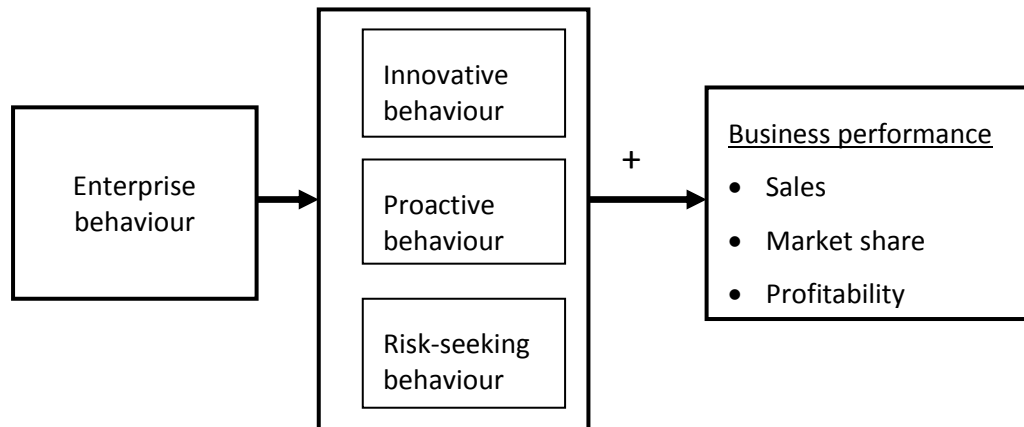


Figure 14: Correlation between “International entrepreneurship” and “Business performance” (Created by: M.T. van der Hulst; 2013)

Enterprises which have a combination of innovative, proactive and risk-seeking behaviour have for every dimension a score. This score is above 0.

Some enterprises have a behaviour that is characterized as innovative, proactive and risk-seeking but one of the disciplines is more prominent. This discipline has two points difference compared to another discipline.

Nine statements are formulated to find out how their international entrepreneurship is characterized. Every dimension has three statements. For every statement there is a Likert scale from 1-7. So, an enterprise can score a maximum of 42 points in every dimension.

For example, the enterprise scores a maximum in points on ‘innovative behaviour’, this is 42 points (3 statements x 7 x 2 (7-point Likert scale)). The enterprise scores 26 points on ‘proactive behaviour’ and scores 28 points on ‘risk-seeking behaviour’, see table 13

So, the enterprise has a final score of 7 for ‘innovative behaviour’. ‘risk-seeking behaviour’ scores 4.67 and “proactive behaviour” scores 4.33. This means that the behaviour of this enterprise is characterized as innovative, proactive and risk-seeking, but their innovative behaviour is more prominent, because there is a difference of two points and more between ‘innovative behaviour’ and ‘risk-seeking behaviour’ ($7 - 4.67 = 2.33$) and between ‘innovative behaviour’ and proactive behaviour’ ($7 - 4.33 = 2.67$).

Table 13: Example proposition 2

Dimension	Total scores questions (Score * 2)	No. of questions	Weight of questions	Final score
Innovative behaviour	42 /	(3 x	2) =	7
Proactive behaviour	26 /	(3 x	2) =	4.33
Risk-seeking behaviour	28 /	(3 x	2) =	4.67

This means that there is a combination of innovative, proactive and risk-seeking behaviour and it is intended to create a better business performance in organizations. This proposition places profitability above 100, but there is still room to improve their business performance.

RQ4. How to create strategic fit and how to measure the effect that the strategy has on business performance?

To create strategic fit, the three basic kinds of strategic fit have been summed up: ‘intra – company strategic – fit’, ‘intra – company international entrepreneurship – fit’ and ‘strategy – international entrepreneurship – fit’. This method provides an understanding of the strategy profile and the international entrepreneurship profile.

It showed that the three strategies of Tracy and Wiersema (1995) can be matched with the behavioural dimensions of international entrepreneurship proposed by McDougall and Oviatt (2000). The ideal situation arises when the criteria are met:

- When the international entrepreneurship profile is coupled to the generic strategy.

Proposition 3

It is expected that when a correlation exist between the strategy profile and the international entrepreneurship profile this should result in a better business performance than when this is not the case.

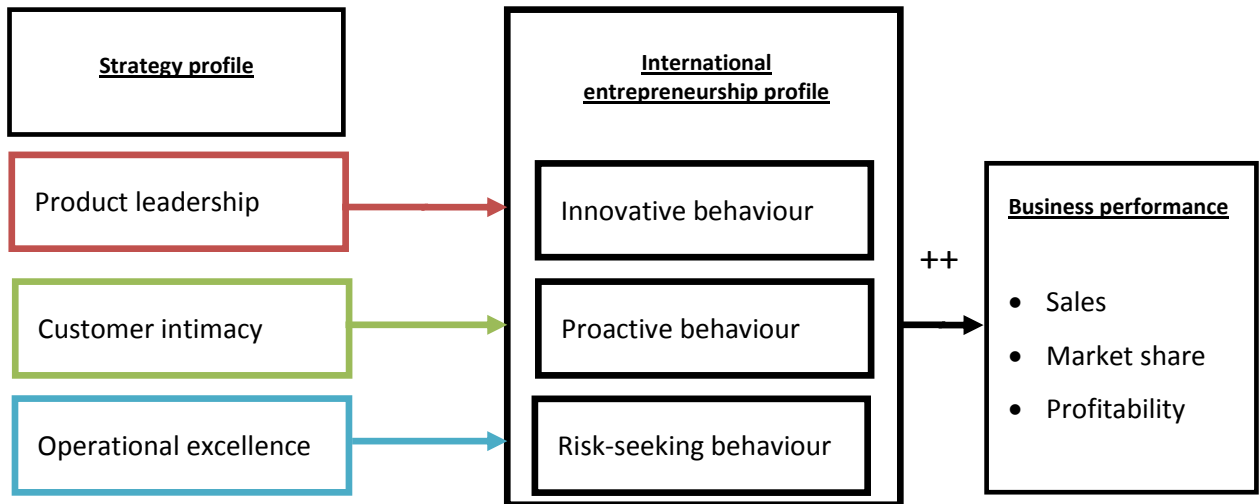


Figure 15: Matches between the strategy profile and the international entrepreneurship profile (Created by: M.T. van der Hulst; 2013)

This Proposition has higher profitability than Proposition one or two, because the strategy is fixed to the international entrepreneurship profile.

2.6.2 Proposed theoretical framework

This paragraph will shortly discuss the relevant parts of the performed literature study for the research project. Based on the literature study, the presumed relationships and items that will form a proposed theoretical framework will be presented graphically. The proposed theoretical framework will be used to analyse the cases. In figure 16, page 43 the proposed theoretical framework is shown.

The aim of this study is to provide insight in appropriate strategies for horticultural SMEs to internationalise partially or fully abroad, according to its entrepreneurship profile and it will give some insight into business performance. Each of the models and concepts are described: (1) SMEs, (2) generic strategies - Tracy and Wiersema (Tracy 1995), (3) international entrepreneurship, and (4) business performance. These are useful tools for achieving the research objective. Analysing the strategy profile is useful to find out how SMEs formulate their goals according to the model of 'Tracy and Wiersema' (Tracy 1995). This model covers the strategies firms can focus on. Analysing the international entrepreneurship profile is useful in evaluating the behaviour of horticultural SMEs in the environment. The concept of business performance can test the strategy whereby appropriate strategies can be formulated. In this research, this is achieved by evaluating the sales, market share and profitability. These are the dependent variables. All this taken together with the background information of SMEs can help to provide insight in appropriate strategies for SMEs to internationalise partially or fully abroad.

The subject of SME firm characteristics, the characteristics function as background information for selecting ten enterprises that fulfil the conditions for the empirical research. Based on the literature study, four criteria are selected. These criteria are also used to select the ten enterprises. The criteria are as follows:

- I. The enterprise is partially or fully internationalized;
- II. The business is actively managed by its owners;
- III. The business is a best practice (these enterprises know how to organize their businesses);
- IV. The business corresponds to the characteristics of SMEs.

Nevertheless, the criteria also seemed to have the highest influence on the internationalization of SMEs, displayed with number 1 in the theoretical framework. It does have some effect on how SMEs internationalize, because it contains some obstacles and advantages. For example, when an enterprise has financial resources, SMEs enters the market more easily than when they have insufficient financial resources. Another example has everything to do with how the business is managed. When the business is actively managed by its owners, the obstacles to internationalize are lower than when the manager is proactive. Moreover, the literature also shows that the SME criteria have an indirect effect on business performance. In this research it is assumed that when the criteria are better, business performance is also better. For example, when SMEs have financial resources available for expansion, or a strong personal relationship with employees or an organized administration, it has positive effect on business performance. This means that business performance is better than without the better criteria.

According to the literature study, two concepts have been identified that influence the internationalization strategy; international entrepreneurship and the generic strategy. After studying the literature with respect to international entrepreneurship and the generic strategy, these two terms appeared to be strongly intertwined. This means that the behaviour has some effect on the strategy and the other way around.

To create some insight into strategies, this study looks at two things. First of all, this research will look into the duration for which the strategy is formulated, by means of three different layers of aspects: long term, midterm and short term. In this way there is some knowledge about which time period the strategy can be formulated. However, this is not shown inside this research framework.

Secondly, this research will look at the content of the strategy. The content of the strategy is measured with the model of 'Tracy and Wiersema' (Tracy 1995). Three main generic competitive strategies distinguish this model: (1) 'product leadership', (2) 'customer intimacy', and (3) 'operational excellence' (Zeilstra 2013). In this way there is some knowledge about the main competitive strategies.

It is expected that enterprises that focus on one value discipline of the model of Tracy and Wiersema will have a better (+) business performance than those focusing on more value disciplines. This is also the first proposition (P1).

Within the concept of international entrepreneurship three dimensions are identified; (1) 'innovative behaviour', (2) 'proactive behaviour' and (3) 'risk-seeking behaviour' (McDougall and Oviatt 2000). This concept is used to identify the international entrepreneurship profile of entrepreneurs in their environment. Here too the characteristics in the development of a strategy profile are essential.

It is expected that enterprises which have a combination of innovative, proactive, and risk-seeking behaviour have a better (+) business performance than when this is not the case. This is the second proposition (P2).

The characteristics of the strategy profile can be matched with the characteristics of the international entrepreneurship profile, this leads to strategic fit, because both concepts (in)directly come back in the 7-S framework from McKinsey (Scholz 1987). Garbraith (1977) and Scholz (1987) note that fit 'is primarily determinant of successes and this has effect on firm performance. The third proposition is: *"It is expected that when a correlation exist between the strategy profile and the international entrepreneurship profile this should result in a better (++) business performance than when this is not the case"*. The proposition here is an expectation of correlation between the strategy profile and the international entrepreneurship profile resulting in a better business performance than when there is no correlation. This is the main reason why this proposition is characterized by two plusses. This proposition is displayed with P3 in the proposed theoretical framework.

This information will be used to answer the main research question. The qualities will help to define the appropriate strategy that horticultural SMEs are recommended to apply when they internationalize partially or fully.

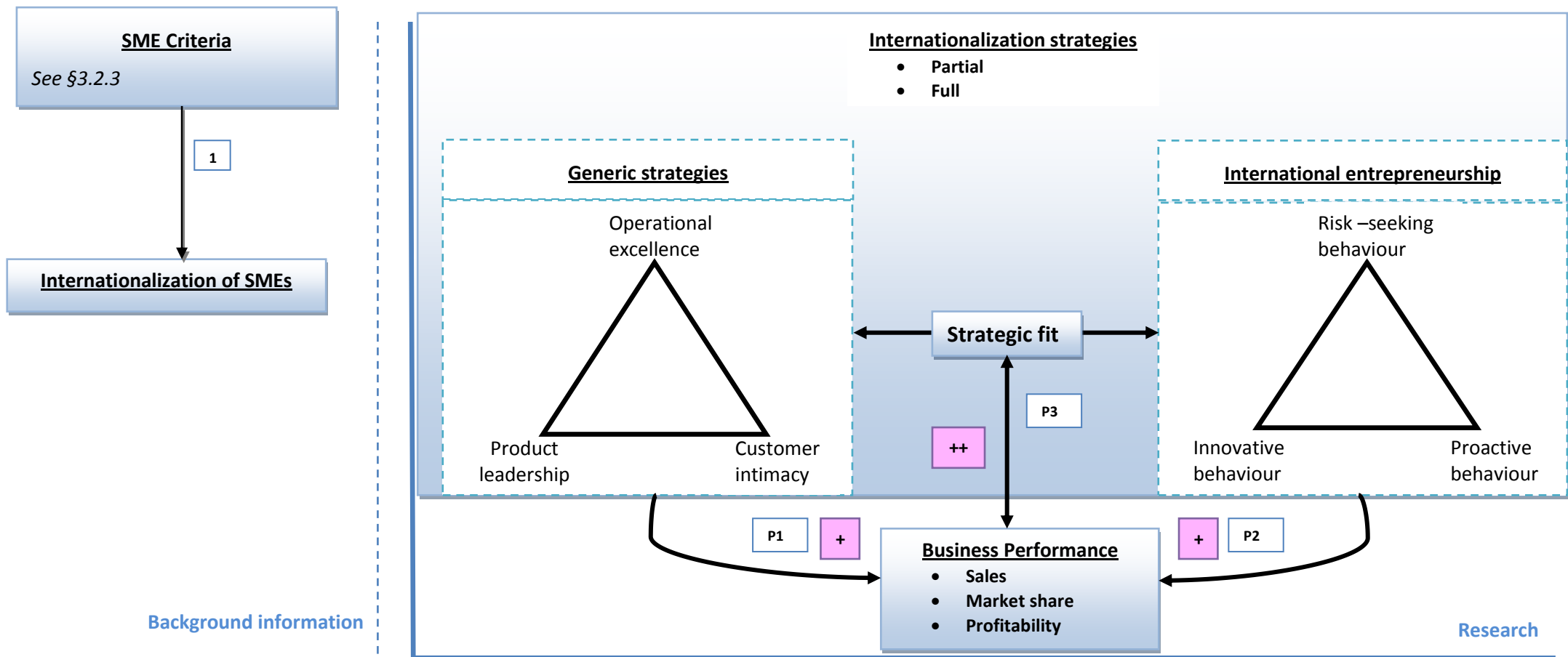


Figure 16: Theoretical framework (Created by: M.T. van der Hulst)

P1. It is expected that enterprises that focus on one value discipline of the model of Tracy and Wiersema will have a better business performance than those focusing on more value disciplines.

P2. It is expected that enterprises which have a combination of innovative, proactive, and risk-seeking behaviour have a better business performance than when this is not the case.

P3. It is expected that when a correlation exist between the strategy profile and the international entrepreneurship profile this should result in a better business performance than when this is not the case.

3. Research methodology

The aim of this research was to provide insight in appropriate strategies for SMEs to internationalise partially or fully abroad, according to its entrepreneurship profile. When possible, this research will give an idea how these strategies influence the business performance of SMEs.

This chapter focuses on the methodology, which will be used in the empirical part of this research. This chapter describes the research method, data collection, data analysis and reliability and volatility. The aim of this chapter is to help the researcher and the reader to understand the process of the research.

3.1 Research methods

3.1.1 Research type

This research is an exploratory study. In this type of study one tries to understand the factors that may play a role in an existing problem. This study, ‘discovers’ especially the internationalization strategies and try to gather information to obtain certain insights in this issue.

This study, considers explicitly what the relationship is located between the generic strategies and the international entrepreneurship profile. Besides, it is also interested in what effect the strategy has on business performance.

3.1.2 Research design

This study is characterized as a multiple case study. The most applicable definition is defined by Schramm (1971). The definition of a case study is merely repeated in other researches (Yin 2009). The definition is as follows:

The essence of a case study, the central tendency among all types of case study, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what result.

This definition cites cases of “decisions” as the major focus of case studies. This multiple case study focused on the accumulation and interpretation of qualitative data. This study has a particular group in mind, described in the following paragraphs: §3.1.3, §3.1.4.

This multiple case study tests the proposed theoretical framework in practice and tries to find the answer to the main research question. Therefore several steps have been taken. First, the sources of data are identified and the strategy for data collection is explained. Secondly, the data analysis process is described.

In the following paragraphs the sample selection and criteria of the sample selection are described.

3.1.3 Sample selection

In this study about 40 enterprises are selected and approached to share their strategy knowledge, international entrepreneurship and business performance, with the hope of a research sample of 10. The number of ten enterprises was a conscious choice, because thus you can interview several people of each category; five fully internationalized enterprises, five partially internationalized enterprises to improve internationalization strategies for Dutch horticultural SMEs. My research sample is selected with the use of company lists from different organizations. The organizations were active in all kinds of industries, such as banking, consultancy, transport, and commercially. The list of enterprises was delivered inter alia by: Flora Holland, DLV Plant, the Rabobank (Niekus 2013) and Hillenraad (foundation). The reason is that these sources were easily accessible to me because of my background. These companies and the foundation have a good overview of the situation in this sector.

At the end, the research sample consists of thirteen enterprises: seven partially internationalized enterprises and six fully internationalized enterprises. This was also the maximum that could be achieved, since both the surveys and the interviews were conducted in a restricted time period. No enterprises have been interviewed that have no production facilities abroad, because these enterprises do not contribute to achieving the objective. So, it means that all the enterprises mentioned in this study have production facilities abroad.

3.1.4 Criteria sample selection

During the sample selection activity, the entrepreneurial orientation will reflect the general ownership profile of SMEs. Therefore, in this study, the SMEs are observing the following criteria during the sample selection activity. These criteria were selected based on the literature study and complemented following the conversation with Dr G. Dick (2013).

- I. The enterprise is partially or fully internationalized;
- II. The business is actively managed by its owners;
- III. The business is a best practice (these enterprises know how to organize their businesses). With best practice, farmers update their basic knowledge as time goes by, hone their skills and attributes, cultivate a learning culture, and have self-knowledge and self-belief (Saunders, Kaye-Blake et al. 2007).
- IV. The business corresponds to the characteristics of SMEs. The characteristics are defined in §2.1.
- V. The selected enterprises have ornamental products; indoor plants, cut flowers, or pot plants.
- VI. The selected enterprises have at least 5 years experience abroad.

3.2 Data Collection

3.2.1 Methods

The first four research questions are answered through a literature study. Research questions five to seven will be answered through empirical research. The literature review will concentrate on international entrepreneurship, strategies, Strategic fit and on business performance. The literature study is carried out with scientific journals and books gathered via the databases: Scopes, Web of Science and Google Scholar of Wageningen University. Study books are used for background information.

When there is an answer for all three sub-questions, the literature study leads to a proposed theoretical framework, on which the empirical research is based.

The empirical research consists of information originating from questionnaires and interviews with horticultural entrepreneurs having best practices. Within this study, there is almost an even spread between fully internationalized and partially internationalized enterprises. Seven partially internationalized enterprises and six fully internationalized enterprises have been included in this study. The horticultural entrepreneurs are inter alia selected by Flora Holland, DLV Plant, Kees Greeve, Combinations, the Rabobank and Hillenraad.

Where possible, interviews took place with entrepreneurs themselves. In Covin and Miller (2013) Miller (1983) argued that the key manager or the entrepreneur “acts as the brain of the organizations and is the key determinant of the strategic posture of the firm” (Covin and Miller 2013). This study assumes therefore that these entrepreneurs delivered the detailed data.

The detailed data have been treated confidentially; this is pre-specified in the introductory letter:

- Any information obtained from the questionnaires and interviews will be used exclusively for the purposes of the research;
- All information will be treated with strict confidentiality.

To retain the information of all respondents, a separate file is made with the obtained information called detailed questionnaires and interviews. Only my supervisors can see and read this file. In section §4.1.2 the respondents are briefly introduced. Further on in this report, they are indicated with a code; A, B, C up to M. Which code each company has is not displayed in this report but only in the confidential file.

3.2.2 Time schedule

The sequence of actions that were taken, together with the time schedule, is presented in the table below (table 14). There were four steps taken to complete the multiple case study data collection: (1) around September 2013 entrepreneurs are inter alia selected by Flora Holland, DLV Plant, Kees Greeve, Combinations, the Rabobank and Hillenraad. (2) The questionnaire was discussed in the test group. This group consisted of five people: an entrepreneur; Mr F. Smits who has his own best practice, an entrepreneur who has his own flower enterprise abroad (Mr E. Eenennaam), Dr G. Dik from Wageningen University, intra alia specialised in Methodology, the Supervisor during this project; Dr Geoffrey Hagelaar and reader; Prof. Dr Onno Omta who also specializes in questionnaires. The reason for this test group was to discuss my questionnaire with them in order to gather the right information during the interview so that a response can be given to the main question. The feedback this test group has been processed. (3) Around half October 2013, entrepreneurs were contacted and informed about the project. They were sent a cover letter with background information about this study, a request to fill in the questionnaires and return them. The covering letter and questionnaire are enclosed in Appendix 2 and 3. (4) Interviews started on 30th October 2013 and finished on 25th November 2013, to obtain information for this study. The interview is enclosed in Appendix 4.

Table 14: Multiple case study schedule

N	Step	Start date	End date
1.	Select entrepreneurs	Approx. 30/9	--
2.	Discuss the questionnaire with experts and entrepreneurs	Approx. 25/9	5/10
3.	Sending out questionnaires with covering letters to selected entrepreneurs and receive them back	15/10	27-10
4.	Interviews	30-10	25-11

Questionnaire

The goal of the questionnaire was to provide general information and to collect more structured data about the enterprise situation, the strategy, international entrepreneurship and final business performance. The basis of the questionnaire was in the form of a structured document, which consisted of closed-ended, multiple choice and open-ended questions. The questionnaire consisted of 33 questions. It provided the general data on the horticultural market and also the entrepreneur's opinions on various issues. To gather information about the different aspects of strategy, international entrepreneurship and business performance questions were asked. The answers provided an overall picture of the business. This document can be found in Appendix 3.

Section 1 provides some profile data, the questions will confirm the criteria, by which the enterprises are selected. It also presents some opinions on why SMEs internationalize their enterprise partially or fully.

Section 2 contains some questions and statements about the strategy (§2.2). These questions and statements are used to obtain some inside information about for which period the strategy is formulated. Besides it contains some information to select the value discipline of the enterprise.

Section 3 contains statements about international entrepreneurship (§2.3). These statements are used to select the behaviour of the enterprise.

Section 4 is about performance measurement, these questions will give some insight into which effect strategies have on business performance.

Interview

According to the schedule (see table 14), after receiving the filled out questionnaires, the selected entrepreneurs of horticultural SMEs have been contacted to be interviewed. The purpose of the interviews was to collect more detailed data about the strategy, international entrepreneurship and business performance. The interview consisted open-ended questions; the open-ended questions are linked to the answers they gave in the questionnaires. The reason why open-ended questions are used, and not statements, was to create some depth in this research. The employees received the interview questions approximately a week before the planned interview was taken. Eleven interview questions were general and applicable for all companies. The interview document is supplemented with about 10 questions. The basis of the interviews was in the form of a half structured document. The general interview questions can be found in Appendix 3.

3.2.3 Organization empirical research

In total, this research was conducted among 13 entrepreneurs, six having a full internationalized best practice and seven having a partially internationalized best practice. All businesses are successful in the international environment.

It was believed that these entrepreneurs from a variety of backgrounds could lend substantial external validity to the development of key constructs and relationships. The questionnaires took about an average of 30 minutes to fill in and were sent by mail. The questionnaire consist 33 questions. The interview on average took about 30 – 60 minutes. It consisted of a number of open-ended questions; these questions are related to the survey questions to create more depth. The interviews were conducted by telephone, Skype conversation, or in person. The interviews were audio taped (where possible) unless the interviewee objected. The interview was finalized and a copy was sent to the business. Thus the enterprise agreed with the answers he gave me. They covered topics centred on international entrepreneurship, the strategy they used, on internationalization in a broader sense and on performance. Furthermore on international entrepreneurship, strategy, Strategic fit and on business performance.

3.3 Data Analysis

3.3.1 Control variables

Organizations in the horticultural sector are different from each other which may account for the different organizational characteristics. For example, the differences in size and age may influence business performance. Therefore, variables were included in this research as control variables (Field 2009). To determine the horticultural sector, respondents were asked what year their firms were founded, which was used to calculate the firm age. It was also asked what the turnover was, which was used to indicate the financial resources. Different firm characteristics are associated with the fact that a firm has only a production facility abroad or a firm has a production facility in the Netherlands but also abroad. It was asked if the organization was fully or partially internationalized. The respondents were also asked how many individuals worked in the organization at the present time, including working owners, part-timers and full-timers. After it, was asked how many full-timers worked in the organization at the present time. Then the respondents were asked what the firm's main line of production was; cut flowers, indoor plants, bulb- or tuberous plants, pot plants, or tree nursery plants. The respondents were also asked how many hectares they had before they set up a production facility abroad and how many hectares they have this moment. These variables were used to check the firm size. Furthermore, respondents were asked in which year they set up a production facility abroad and in which countries, which was used to indicate where these companies had internationalization activities. The respondents were also asked why they created a production facility abroad. The motives were used to create groups for this study. Finally, the respondents were asked why they had fully or partially internationalized their enterprises. These variables were used to create some insight in their way of thinking.

3.3.2 Independent and dependent variables

To test the propositions given in §2.6, variables were needed to measure it. The three propositions can be expressed in terms of two variables: a proposed cause and a proposed outcome. For example, proposition 2: *"It is expected that enterprises which have a combination of innovative, proactive, and risk-seeking behaviour have a better business performance than when this is not the case."* then the proposed cause is 'a combination of innovative, proactive, and risk-seeking behaviour' and the proposed effect is 'better business performance'. Three variables are used to measure the propositions. The variable that is the cause is known as an independent variable, a variable that has an effect is called a dependent variable (Field 2009). The propositions are composed of dependent and independent variables (see figure 17). As you can see, the value disciplines of the strategy profile and the dimensions of international entrepreneurship are independent variables within this research. The measures: sales, market share and profitability of the concept of business performance are the dependent variables within this research. In this figure, you see the question numbers, they show you which question covered which variable. Not all questions from the questionnaire are covered in figure 17 because the questions in section 1 are control variables, which will be used to create groups later in this research (cf. §4.2.1).

The interview questions are determined after the completed questionnaire and are for every participant different. This is the reason why the question numbers are not indicated in figure 17.

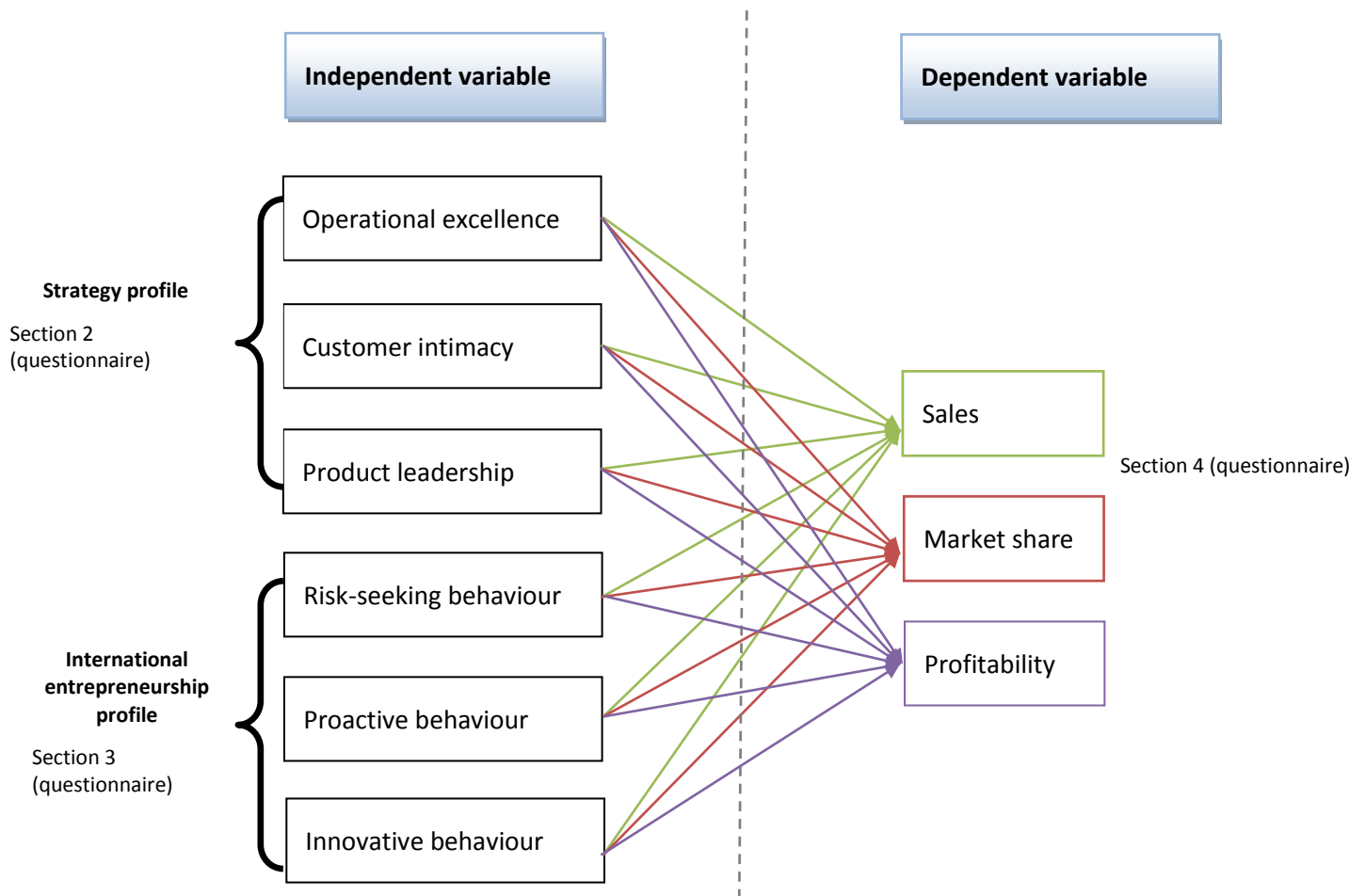


Figure 17: Composition of the propositions (Created by: M.T. van der Hulst; 2013) – See Appendix 3

3.3.3 Questionnaire and interview analysis.

The information gathered through the questionnaire and interviews was analyzed to find the appropriate internationalization strategy for horticultural SMEs to internationalize their business fully or partially. Interviewees were asked to cooperate with this research. The interviewees were asked to evaluate the international entrepreneurship profile and the strategy profile. This research consists of different questions; Likert-scale questions, multiple choice questions and open questions.

In the questionnaire the Likert scale questions were presented in the form of 7-point Likert scales to ensure maximal respondent specificity. There has not been chosen for a 5-point Likert scale, because respondents do not like to use the extreme value of a scale (Omta 2013). This means, when a 5 point likert scale is chosen, respondents don't use value 1 and value 5, so a final scale of 3 remains. In choosing a 7-point likert scale this means that a 5-point scale still remains.

With the 7-point Likert-scale questions, the scale mostly ranged from '1-strongly disagree' meaning that a certain statement has no relevance, to '7- to strongly agree' meaning a statement has high relevance. Value '4' meant that a statement had an average relevance; "undecided". The interviewees rated some statements. It is assumed that the answers are ordinal scaled on the Likert scale (Harry N. Boone and Boone 2012). Formally, Likert scales do not meet this requirement. It is therefore assumed that each successive response category is located just as 'far' from the previous and the subsequent response category (Wikipedia 2013). The range and interpretation of the seven-point scale are shown in table 15.

Table 15: The seven-point Likert Scale

Scale	Range	Interpretation
1	0.01-1.00	Strongly disagree
2	1.01-2.00	Disagree
3	2.01-3.00	Slightly disagree
4	3.01-4.00	Undecided
5	4.01-5.00	Slightly agree
6	5.01-6.00	Agree
7	6.01-7.00	Strongly agree

The multiple choice questions allowed interviewees to select an option from a list of answers defined based on the literature. The researchers contact the interviewees on the occasion of the given answers of the questionnaire with some open questions. The open questions give some depth in this research.

The data analysis was conducted in two phases. First the data were analyzed collectively to describe the general sample of enterprises. The descriptive analysis was done using Excel. With the help of this program, the behavioural position can be drawn of the enterprise and the strategic position. This research does not use SPSS because the sample is too small and it is a qualitative research.

Based on the data “answers of the interviewees”, it was possible to indicate the international entrepreneurship profile of the SMEs. It was also possible to verify which strategy profile they use. Consequently, in accordance to the results provided by the interviews carried out, an appropriate internationalization strategy was developed for SMEs who internationalize fully or partially, this by strategic fit, see figure 18.

The questionnaire and interview for both; fully and partially internationalized SMEs are presented in Appendix 3 and 4.

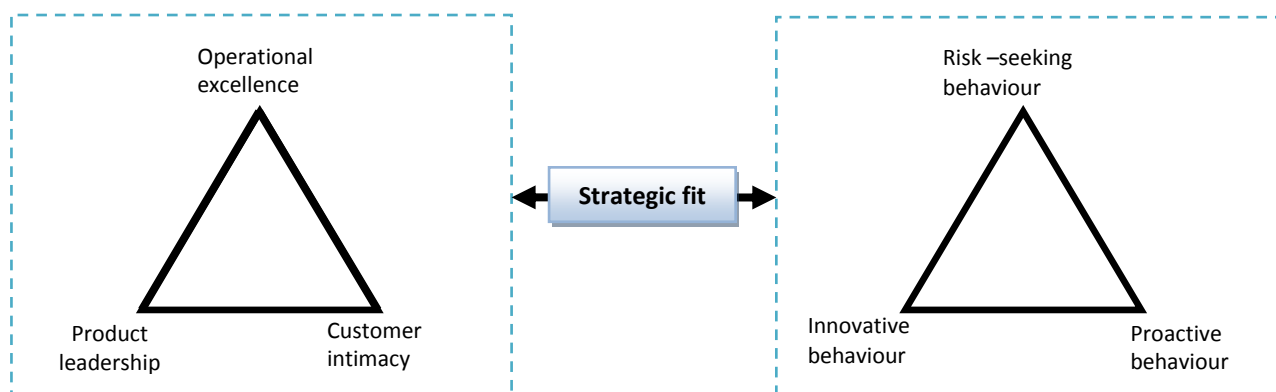


Figure 18: Formulation of appropriate internationalization strategies (Created by: M.T. van der Hulst)

3.4 Reliability and validity

In every research are both issues: reliability and validity very important. It is possible to judge the quality of any given design according to certain logical tests. Yin (2003) proposes four tests: construct validity, internal validity, external validity and reliability. The construct validity and reliability comes back in the research phase of data collection. External validity occurs in the phase of research design. Internal validity comes back by data analysis (Yin 2003).

The meaning of every test is presented below.

Construct validity deals with establishing correct operational measures for the concepts being studied (Yin 2003). In this study it was completed by operationalization of the theoretical concepts. The measures for these concepts were found and used in the empirical research. The literature and the interviewees played a key part in finding an appropriate internationalization strategy for horticultural SMEs. Comments from the survey test group: This group consisted of five people: an entrepreneur; Mr F. Smits who has his own best practice, an entrepreneur who has his own flower enterprise abroad (Mr E. Eenennaam), Dr G. Dik from Wageningen University, intra alia specialised in Methodology, the Supervisor during this project; Dr Geoffrey Hagelaar and reader; Prof. dr Onno Omta who also specializes in questionnaires. The feedback processed from this test group also helped to shape this study. The international entrepreneurship profile and strategy profile were measured on 1-7 Likert-type scales from strongly disagree (1) to strongly agree (7). The effect certain strategies have on business performance is measured by means of market share, sales and profitability. Based on 15 questions, it was thought that this gave some insight into the effect certain strategies have on business performance. Unfortunately this was not the case. Nevertheless, an attempt was done to make an estimate where the entrepreneur stood.

Internal validity deals with establishing a causal relationship. To what extent is the reasoning correctly carried out in this study (Yin 2003). In this research, the main group of people who were interviewed was a group entrepreneurs who are internationalized their business partially or fully. This fact might decrease the internal validity of this study, as the investigated problem is not viewed from different angles. Nevertheless, an attempt was done to contact the experts (Mr Peter Niekus and Mr Henk de Jong), in the field of internationalization. They guide horticultural enterprises to internationalize. They enriched the results of the analysis and slightly increased the internal validity.

External validity deals with establishing the extent to which a study's findings can be generalized (Yin 2003). The main objective of this research is to provide insight in internationalization strategies for horticultural SMEs to internationalize partially or fully abroad, according to its entrepreneurship profile. Due to the scope of the research and time constraints, results are based on thirteen interviews, all enterprises with business in the horticultural industry. However, there is no distinction made between the countries. This study represents countries from all over the world. Most respondents had a production facility in Africa. Ethiopia is the most popular, besides Kenya and Tanzania. Uganda is also represented. The six other production facilities are established in Europe (4), China (1) and Canada (1). This can be seen as a factor decreasing the external validity on country level. Not all respondents were located in the same stage(s) of the chain. This can also be seen as a factor decreasing the external validity on supply chain level. Nevertheless, on the group level, 13 interviews should be sufficient to make general propositions about the horticultural industry.

Reliability deals with demonstrating that the operations of a study, such as the data collection procedures can be repeated with the same results (Yin 2003). Reliability can be improved by the sample selection. The selected enterprises for the interview should be aligned with each other. Therefore, all enterprises have the same characteristics. Those characteristics fall within the definition of SMEs. The characteristics will raise the reliability of this research. The following characteristics are mentioned in this study:

- I. The enterprise is partially or fully internationalized;
- II. The business is actively managed by its owners;
- III. The business is a best practice (these enterprises know how to organize their businesses). With best practice, farmers update their basic knowledge as time goes by, hone their skills and attributes, cultivate a learning culture, and have self-knowledge and self-belief (Saunders, Kaye-Blake et al. 2007).
- IV. The business corresponds to the characteristics of SMEs. The characteristics are defined in §2.1.
- V. The selected enterprises have ornamental products; indoor plants, cut flowers, or pot plants.
- VI. The selected enterprises have at least 5 years experience abroad.

4. Results and Analysis

Studies pay little attention to the connection of international entrepreneurship and the internationalization strategy. Besides not much is known about which match offers the best business performance. For these reasons, this chapter has several goals:

- As a basis for improving appropriate internationalization strategies for Dutch horticultural SMEs
- Use in the identification of the international entrepreneurship profile.
- Show the best combination of both profiles; strategy profile and international entrepreneurship profile, to get the best business performance.

These goals are achieved based on the results of the empirical research and analysis of these results. It provides the answers of research questions 5 to 7, which are:

- RQ. 5** What are the internationalization strategies of the horticultural small and medium sized entrepreneurs in the total sample? How are these strategies characterised?
- RQ. 6** What does the international entrepreneurship profile look like for Dutch horticultural SMEs in both situations?
- RQ. 7** What is the best combination of both profiles; strategy profile and international entrepreneurship profile, to get the best business performance?

4.1 Description ornamental market

Most ornamental products are grown in glasshouses. The main flowers in this category are: roses, Chrysanthemums, Cymbidiums, Lilies and Gerberas. These product groups account for about two thirds of the ornamental products. The main pot plants are; Phalaenopsis, Anthurium, Ficus and Kalanchoë (ABN-Amro 2013).

The import of ornamentals was increased with about 4 percent in 2012, see figure 19. Kenya is the main supplier of ornamentals. Kenya has a market share of 23% (ABN-Amro 2013).

The main import countries are Kenya, Ethiopia, Israel, Ecuador and Germany (FloraHolland 2013; Niekus 2013)

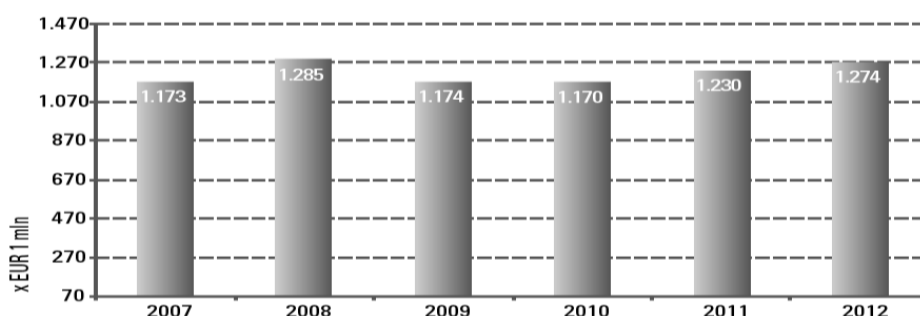


Figure 19: Import ornamentals (ABN-Amro 2013)

Most products are exported to Germany, the United Kingdom, France, Italy and Belgium, see figure 20. Russia is a rapidly emerging market, as are the countries of Central and Eastern Europe (FloraHolland 2013; Kneppers 2013)

In total, 150 million euro is sold to the countries. The sales to the countries Italy, Spain, and Greece are under pressure due the economic crisis. Russia had a strong growth compared with other

countries of East-Europe (ABN-Amro 2013; Kneppers 2013). China is a new interesting market; two respondents (D and L) indicated this during the interview. They did start a production facility in this country or want to start one in the future, to supply the market directly.

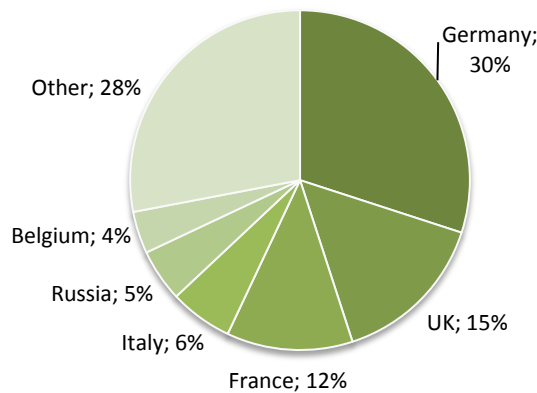


Figure 20: Destination of the ornamental products (ABN-Amro 2013)

Supply chain ornamental products

The entire supply chain is represented in the Netherlands, from breeders, growers of young plants and other growers to specialized traders and exporters. Some of them control a large part of the supply chain, for example company L. They are breeders, they cultivate young plants but they are also growers. The supply chain consists of the following chains: breeders, growers of young plants, growers, auctions, wholesalers, logistics providers and various sales channels (for example this study used the retail / detail market) and finally the consumer, see figure 21.

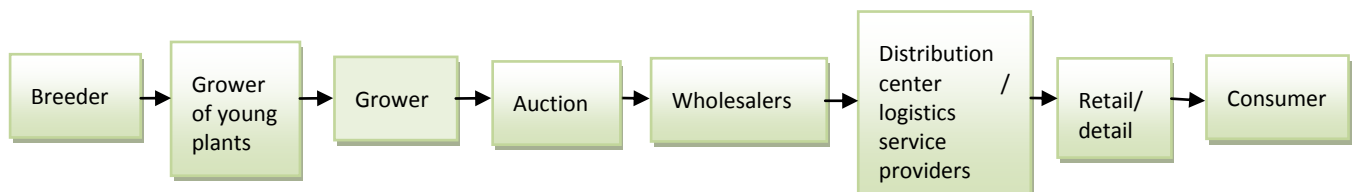


Figure 21: Supply chain ornamentals (Created by: M.T. van der Hulst)

A short description is given of the different parties.

A breeder makes new varieties of flowers and plants. They look into the consumer's demands but they also look at the growers. What do growers want to cultivate. Wishes of customers or growers could be: a better durability. Sometimes, breeders make young plants from their new varieties. However, this is done by a different company or sometimes by the grower. So in this way lines within the supply chain will be shorter in the future.

The grower plants the material and takes care of the final product. Most times, the final product is sold at auctions.

The five auctions FloraHolland (Rijnsburg, Naaldwijk, Aalsmeer, Bleiswijk, Eelde) consist of about, 4,500 Dutch and foreign growers. The products are from almost 50 countries (FloraHolland 2013). Seventy percent of the turnover of Flora Holland consists of flowers and the other thirty percent of plants.

All respondents in this study indicated that the auction will play a different role in the future. At this moment, the ornamental products are sold via the clock. The respondents that bring their flowers to

the auction believed that the auction is becoming a logistics centre, because Flora Holland is logistically strong. Different product streams are combined here. Now for example, the flowers come from Africa to the Netherlands, and go mainly via the clock. When the auction becomes the logistic centre, flowers will go directly to their destination: the domestic market or abroad. Flowers are already sold over the internet. So, it is not necessary that they go first to the Netherlands before they go to their destination. The flowers will be flown directly to their destination all over the world. Also in the future, the auction guarantees the grower that he gets his money for his products.

Already, Flora Holland 'Connect' acts as an agency. They make contracts between growers and customers. This area of Flora Holland will have a greater importance in the future because they shorten the lines of the supply chain. With this system it is possible to send their products directly to their destination. This has an impact on the supply chain. The lines will be shorter in the supply chain because they can go directly to their wholesaler and not to the auction first. The ornamental products do not go to the auction but go directly to their destination because they were already sold on the internet or by contracts (FloraHolland 2013).

Traders can have three functions; wholesale, export and import. A trader sometimes has multiple functions. In the Netherlands there are about 1,200 trading companies (FloraHolland 2013), most of them are located in the auction (Rijnsburg, Naaldwijk, Aalsmeer, Bleiswijk, Eelde).

The transport links between the wholesalers and the retail/ detail trade are often outsourced to logistics service providers, although there are also companies that provide their own transportation. The logistics services sometimes perform other tasks: think of quality and packaging of the product. The sales of flowers and plants go through various channels: retail, for example supermarkets, garden centers and DIY stores (GAMMA), and detail: for example florists and market stalls. The market shares of the sales differ per country (Kneppers 2013).

From the interviews it emerged that the logistics have two special features. The supply and demand of ornamentals is dynamic but relatively uncertain. "The chain reacts quickly to the last-minute changes that occur in orders. The supply chain is arranged so as to be able to quickly satisfy that demand. Floricultural products have a vase life of a few days to a couple of weeks. Besides, these products are highly perishable. It is important that the supply chain is uninterrupted and cold. A delay can affect the quality. A cold supply chain from the grower (when the flowers are harvested) until they reach the vase of the consumer" (Hulst 2013). With plants it is a bit different: it is less important that the supply chain is cold because they have a life span of a few weeks. There are two differences in the supply chain of flowers and plants. First the quality changes in flowers go much faster than in plants. So, conditioned transport is more important with flowers than with plants. Secondly, compared to flowers, the transport of plants is more difficult, nor is it profitable to transport them over long distances. For this reason plants are grown in their own country or neighboring countries (company M)

Future perspective

Based on the information above, this study can conclude the following aspects:

- The supply chain of ornamentals will be shorter in the future.
- The auction will become a logistics centre.
- The wholesaler is not physically tied to a location in the future.

4.2 Enterprise analysis

The enterprise analysis reflects the participating enterprises within this research. This analysis shows which enterprises are fully internationalized and which ones are partially internationalized in the horticultural sector with some background information. This analysis reflects also the main reasons for the enterprises to create the production facility abroad. Note that these reasons have no particular order.

This analysis has as goals:

- As basis to cluster the respondents into groups;
- As basis to find the properties of each group.

4.2.1 Outline of the respondents

The total quantitative research is sent digitally to several horticultural companies, which internationalize partially or fully. A total of 13 respondents completed the survey and the interview. All respondents are shown in Appendix 5 with their contact information.

To raise the quality of this research, the selected enterprises must meet the criteria (cf. §3.1.4, page 45). All respondents are SMEs even though they might not meet the definition of the European Commission because some enterprises employ more than 250 persons (European Commission 2013). However, Mr Peter Niekus explains that most floricultural companies are established in Africa because of the ideal growing conditions. In this continent, people work with their hands instead of machines like you see in Europe. He indicates that the African SMEs count more than 250 employees. In this continent an SME counts about 1500 employees. It is still a SME because the management within the African organization is consistent with a Dutch SME (Niekus 2013) (Appendix 6). With this information, it was decided to approach companies that have more than 250 employees, and maximum of 1500. The respondents were consistent with the requirements made in advance to raise the quality of this research.

The respondents can be summarized as:

- Four respondents are specialized in growing roses, two respondents are specialized in growing lilies, one respondent is specialized in growing lilies and other flowers', one respondent is specialized in pot plants: Anthuriums. The other two respondents are specialized in other varieties; one is specialized in growing Hydrangea and one respondent is specialized in growing Alstroemeria and Cymbidium. Next to that, one enterprise is specialized in outdoor plants and two respondents mainly have breeding activities; one has breeding activities in cyclamen and Primulas, the other one breeding Phalaenopsis. So, the selected enterprises have ornamental products.
- All respondents have experience abroad for at least 5 years and are best practices.
- All respondents indicate that their businesses are actively managed by its owners.
- Twelve respondents indicate that the main market for their products is Europe.
- Thirteen respondents have in total fourteen locations abroad, eight locations are established in Africa; Ethiopia is most popular by them, besides Kenya and Tanzania. Uganda is also represented. The six other production locations are established in Europe (4), China (1) and Canada (1).
- All respondents internationalized their enterprise partially or fully in 2000 and later, especially with an African destination. The enterprises that started up a production facility in Europe did so especially in 1970 – 2000. This also applies to the respondent who has a production facility in Canada.

4.2.2 Entrepreneurial profiles

Fully internationalized enterprises

F

F has been a specialist in growing roses since 1986. They had 4 hectares in the Netherlands before they internationalized to Ethiopia. F started a rose nursery in Ethiopia. The rose nursery is located on an area of 42 ha. They grow 16 different varieties. Fourteen hundred individuals are working in their company, mostly women (1200 women and 200 men). The roses from Ethiopia are shipped to the Netherlands. They unpack the roses in the Netherlands. This plant is located in flower auction Flora Holland in Aalsmeer. The roses are destined for the European market.

The main reasons² for them to create the production facility abroad were:

- Overly high production costs (labour, energy, soil) in the Netherlands
- Excessively strict legislation and regulations in the Netherlands
- Higher margins -> We can earn more money abroad
- No future prospects in the Netherlands

G

Since 1985, G has been producing quality bulb flowers in the Netherlands. The company consists of 3 hectares and it produces different flowers all year round. He grows quality bulb flowers (for example lilies) in Canada, 25% of his production went to the wholesale market, 75% to the auction in Mississauga – Ontario, where he ships his own flowers. The flowers are intended for the Canadian market. A total of 3 individuals work in this company

In 1995 G moved to Canada - Ontario with his wife. He bought 40 hectares of land and on this parcel he built a glasshouse of 2800 square meters. The rest of this parcel is returned to nature. The government subsidizes projects like that.

The main reasons² for them to create the production facility abroad were:

- Overly high production costs (labour, energy, soil) in the Netherlands
- More room, fewer rules
- More space to live and to do business
- Looking for adventure

² No particular order

A

A started a rose company in Berkel and Rodenrijs in ±1960. The cost-price was too high and the law and regulations did not motivate the entrepreneur to stay in the Netherlands. So they decided to start up a production facility in Kenya in 2003. Their company is characterized as an SME because the organizational structure is simple and comparable with Dutch horticultural SMEs, despite the fact that they have more than 250 individuals working in their enterprise. 700 individuals work in their company, most of them are women.

One of the brothers leads the farm in Kenya; his brother deals with the sales and distribution in the Netherlands. At the moment they own 42 hectares. Every year, about 70 million roses are sold by the clock of FloraHolland (Naaldwijk, Rijnsburg, Bleiswijk and Eelde) and by direct sales. Most times, the flowers are intended for the European market.

The main reasons² for them to create the production facility abroad were:

- To high production costs (labour, energy, soil) in the Netherlands
- Excessive law and regulations in the Netherlands – they do not feel supported by the government
- Ideal growing conditions abroad (climate, soil)
- Every expansion increased our cost-price in the Netherlands
- High urban pressure in the Netherlands - There is no space for horticulture

K

K is established in the UK in 1990 and is specialized in the production of outdoor plants. They produce plants for the commercial landscape, DIY chain and supermarket sectors, so for the local market. On this moment they own 8 hectares. A total of 26 individuals work in this company.

The main reason for them to create the production facility abroad was:

- Did not want to start a business in the Netherlands

F

F is established in Ethiopia, they produce high quality roses in Ethiopia. This business is characterized as a SME business despite the fact that they have more than 250 individuals working in their enterprise. This enterprise is comparable with other Dutch horticultural SMEs, because their organizational structure is simple. In total, 1250 individuals are working in their company.

Before they set up a production facility abroad they had 3.5 hectares roses in the Netherlands. The production facility in Ethiopia consists 38 hectares. Both, their sales and the processing of their roses takes place in the Netherlands. The flowers are transported by plane to the Netherlands. They repack the flowers in their location at Flora Holland Aalsmeer. The roses are sold under their own brand name in the recognizable black foil and are destined for the European market.

The main reasons² for them to create the production facility abroad were:

- Overly high production costs (labour, energy, soil) in the Netherlands – “We could not compete with the rose production from Africa”
- Ideal growing conditions (climate, soil) abroad
- Quick and inexpensive growth is possible because there is enough soil available abroad

E

In 1978, they started up a nursery in the South of France. Nowadays, the company is named 'E'. It is a modernized company. They are specialized in the production of Alstroemeria and Cymbidium. The company consists of 2.7 hectares.

Year round, they deliver these products to the French market; however, their assortment is broader. They also have other cut flowers in their assortment. 65% of the products go to the local auction; the other 35% is sold by direct sales. A total of 10 individuals work in his company.

The main reasons² for them to create the production facility abroad were:

- Excessively strict legislation and regulations in the Netherlands
- Better business climate
- Dutch government encouraged Dutch horticultural companies to emigrate in the seventies – The Netherlands are too densely populated.
- They could sell the Dutch facility for a good amount of money - New challenge abroad

Partially internationalized enterprises**I**

Since 1970 company I have been producing quality bulb flowers. They have produced luxury oriental lilies on the market since 1995. The lilies are selected on basis of their exclusivity and flower size. They have a good relationship with various breeders, and so regularly they introduce a new variety under their brand name. The company supplies their fresh products to the flower auction of FloraHolland daily. The flowers are destined for the European market.

In 2006 they decided to establish a production facility abroad in Tanzania where they grow callas. At this moment they own 5 hectares in the Netherlands and 10 hectares in Tanzania. A total of 175 individuals work for this company.

The main reasons² for them to create the production facility abroad were:

- Overly high production costs (labour, energy, soil) in the Netherlands
- Less capital intensive abroad - much easier to grow abroad
- See benefits in having both production facilities; for example it is a good way to produce a high quality flower year-round with a reasonable cost-price
- Born and raised Dutchman, not willing to immigrate

C

Company C is constantly looking for ways to improve the quality of their lilies. Company C has production locations in the Netherlands and Ethiopia. In 2007, C decided to set up a production facility in Ethiopia. The lilies are cultivated in Ethiopia under their brand name. At this moment, company C own 20 hectares, before they set up a production facility in Ethiopia that was 9 hectares. A total of 150 individuals work in this company. The production takes place year round. The sales take place via Flora Holland, the auction and by mediation. The lilies are mainly intended for the European market.

The main reasons² for them to create the production facility abroad were:

- Overly high production costs (labour, energy, soil) in the Netherlands
- Possibility to provide more quality products in winter period
- High investment costs in the Netherlands
- Synergy effects: cost prices in the Netherlands are high because of the high energy costs. In the southern hemisphere especially however, there is enough light. The costs are lower when we produce flowers in Africa. The production is also higher than in the Netherlands because here the days are shorter and the temperatures are lower.
- “We see the benefit in having both”, for example provide more products in winter period – don’t want to leave the Netherlands.

D

This company have two business units. The first business unit is: D Breeding. D Breeding is specialized in the breeding and propagation of young plant material of Anthurium, Bougainvillea and Calathea.

Secondly, D Young plants. At the moment they have three nurseries; two nurseries in the Netherlands and one in China. At this moment, they have 25 hectares in total. D had 20 hectares before they set up a production facility abroad. A total of 200 individuals work in this company.

The main reasons² for them to create the production facility abroad were:

- Make full use of market potential abroad
- less risk of integration (export regulations/restrictions) abroad
- Increase market share abroad - Local for local production

M

M was established in 1930 and is specialized in breeding and growing of flowering pot plants: Cyclamen and Primula in particular. They supply their products and services to growers and growers of young plants all over the world. In 2008 they internationalized their business and started up a production facility in Tanzania. There they produce starting material.

M is a modern company. 225 Individuals work in this company.

The main reasons for them to create the production facility abroad were:

- Spreading risks – general (fire/diseases)
- Ideal growing conditions (climate, soil)
- Better climate for producing better cuttings

H

H is a modern grower specialized in Hydrangea. The range also includes Helleborus, Dianthus and different flowerings. They deliver the hydrangea in different stages; from young plant up to the end product. At the moment they have four nurseries; two nurseries abroad, but the headquarter is established in the Netherlands – Maasdijk. They have also a location in Naaldwijk – The Netherlands. The two facilities abroad are located in Uganda and Portugal. Thus they make sure that the material is available year round. All the products, the cuttings, young plants and end products are destined for the European market. A total of 210 individuals work in this company.

The main reasons² for them to create production facilities abroad were:

- Ideal growing conditions (climate, soil)
- Greater production of cuttings (“We can deliver quality year round”)
- Spreading risks – diseases
- Better climate producing better seeds

L

L is a supplier of young plants. Since 2003, they have been working together with their German partner. They are not the owners of this production facility, but the company is controlled by the management in the Netherlands. L annually supplies 30 million young Phalaenopsis plants all over the world.

L have 130 employees working in the Netherlands, 100 employees are working for them in Germany in the production facility. L covers an area of 6 hectares in the Netherlands and abroad covers L a area of 3 hectares in Germany.

The main reason for them to create the production facility in Germany was:

- This production facility is close to The Netherlands.

B

B was founded in 1962. They grow roses under the best conditions. In 2001, they decided to set up a production facility in Kenya. So, they have two nurseries, one in Heerhugowaard -the Netherlands and one in Kenya. The Dutch nursery covers an area of 12 hectares; the nursery in Kenya covers an area of 29 hectares. All the roses are destined for the European market. A total of 950 individuals work in this company.

The main reasons² for them to create the production facility abroad were:

- Overly high production costs (labour, energy, soil) in the Netherlands
- Broader management, so we had the possibility to have more farms and so we spread our risks (Spreading risks – diversification)
- Looking for adventure
- Still bound to the Netherlands by investments.

4.2.2 Analysis of the entrepreneurial profiles

The entrepreneurs are categorized based on their motives for internationalization, their focus and their value proposition. Every category has three pillars which can be linked to innovation, consumers or financial considerations. For example in the category “Motives internationalization” the pillar is linked to innovation because it is an innovative aspect, pillar 2 is linked to the consumer aspect and pillar 3 is linked to the financial aspect.

This categorization shows the choices companies have made in order to differentiate themselves from the rest of the market. Based on the categorization, three groups are distinguished: (I) Developers/ innovators, (II) Calculating entrepreneurs and (III) Customer oriented entrepreneurs. Each group has a number of respondents.

Which characteristic each entrepreneur has is highlighted with a ✓. The entrepreneurs have some characteristics that correspond with the others in that group. The characteristics are shown in table 16.

As you can see, the motives of internationalization, the focus and the value proposition with ‘Customer oriented entrepreneurs’ the pillars are more related to consumers. With ‘Developers/ innovators’ the pillars are more related to innovation. The ‘Calculating entrepreneurs’ pillars are more related to finances.

The gathered data also show that ‘developers/innovators’ are all partially internationalized and are scattered throughout Europe (E), in Africa (A) and the rest of the world (R). ‘Calculating entrepreneurs’ are partially and fully internationalized and also they are scattered throughout Europe (E), in Africa (A) and the rest of the world (R). ‘Customer oriented entrepreneurs’ are fully internationalized and located in Africa (A).

Table 16: Categorizing of the respondents

Motives internationalization				Main focus			Value proposition			Background information		
1. Better growing conditions 2. Consumers get good value for money 3. Financial - High production costs in the Netherlands				1. Products related to innovation (breeding activities) 2. Consumer oriented 3. Minimize costs			1. Best product 2. Best total solution (best product - best total cost) 3. Best total cost			Way of internationalization Located in...		
Weighting developers / innovators												
D	✓			✓	✓		✓				P	R
H	✓			✓	✓		✓				P	E & A
L	✓			✓			✓				P	E
M	✓			✓			✓				P	A
Calculating entrepreneurs												
C	✓		✓			✓			✓		P	A
E			✓			✓			✓		F	E
G			✓			✓			✓		F	R
I	✓		✓			✓			✓		P	A
K						✓			✓		F	E
Customer oriented entrepreneurs												
A	✓	✓	✓		✓			✓			F	A
B		✓			✓			✓			P	A
F	✓	✓	✓		✓			✓			F	A
J		✓	✓		✓			✓			F	A

Legend:

Africa (A)

Rest of the world (R)

Europe (E)

Partially internationalized (P)

Fully internationalized (F)

Legend:

Africa (A)

Rest of the world (R)

Europe (E)

Partially internationalized (P)

Fully internationalized (F)

Source: Created: M.T. van der Hulst (2013)

Every group has some similarities to and differences from each other, which are given below. Based on the collected data in the surveys and interviews some similarities and differences have been formulated.

I. Developers/ innovators

Enterprises: D, H, L, M

Similarities and differences:

- All of them have breeding activities or cooperate with breeders/ or future plans to do breeding activities internally. They are all partially internationalized and are scattered throughout Europe (E), in Africa (A) and the rest of the world (R). The enterprises with breeding activities are strong in product technology. They want to deliver the best product to their customer. These enterprises have very many new lines of products and services (all have a high share of new product). Their product range is related to innovation. In these enterprises changes in product or service lines are quite dramatic.
- They want to deliver the best product to their customer. The growers are the customers of these companies but some entrepreneurs have additional activities. Half of the enterprises in this category (D, L) have a nursery besides their breeding business unit. In their nursery they cultivate flowers / plants supply to the local market. In these business units they grow mostly new varieties. Company H indicated that they want to transform their business from grower to strong supplier in the future, and so this company does not exclude breeding activities in the future.
- All entrepreneurs have a strong emphasis on R&D, technological leadership and innovation now or indicated that this will be achieved in the future. They actually look to their consumers, the growers and the market. "What do they want? For example, growers want their products to be less susceptible to diseases" but consumers want, for instance, a longer vase life or a specific colour". Based on this information breeding activities take place. They want to achieve a competitive position based on the design and functionality of their product. In addition, they want to distinguish their brand from other brands by its quality and/or actual product attributes.
- They excel in product leadership and brand marketing, innovation, design, time to market, high margins in a short period of time and offer the client the best product. They don't produce products at a cost efficient manner. Some enterprises (D, H, and L) very often are the first business to introduce new products/ services, these enterprises also have a production facility.
- All enterprises participate in trade shows to promote their products for their consumers. They conduct promotions at a level above the industry average. Half of the enterprises in this category (L, M) make use of advertising. Their advertising is also above industry average. For example, they advertise in journals, television programs and they are available at trade shows.
- Operating efficiency is important for enterprises that have a production facility besides their breeding activities, in these enterprises they also aim at cost reduction. This can be traced to the production facility.

This group is called 'Developers/ innovators' because the enterprises have breeding activities or have a cooperation with breeders / or future plans to have breeding activities internally. Their product range is related to innovation and they want to offer the client the best product.

II. Calculating entrepreneurs

Enterprises: C, E, G, I, K

Similarities and differences:

- Three of the five companies (E, G, and K) internationalized fully and they produce flowers/ plants for the national market. They are scattered throughout Europe (E), in Africa (A) and the rest of the world (R). They sell their products directly to the wholesale/ retail market but the products are also sold at the local auction. Company K produces its products for the commercial landscape, DIY chains, and supermarket sectors from the local market. His products don't go to the auction. Company C and I also produce their products in the Netherlands to deliver quality products in winter period. They can produce flowers abroad for a reasonable price, because the production costs are too high in the Netherlands. They produce products for their own market to save costs, because they reduce the transport costs with this concept. They internationalized their business because of the high production costs in the Netherlands.
- All companies have a limited variation in their product range. The main goal of this category is to produce products in a cost efficient way. Companies E, G, I and K produce different horticultural products whereby the total costs and quality of the product are in balance, so they have a wide variety in their assortment. However, the production process of the different products is almost identical to each other. So, this means that their variety is also limited because the enterprise does not need to invest to produce the other varieties. Company C has different varieties of one product category and so their variety is limited. So, for all companies, the cultivation of all the products is about the same, so despite the fact that they have a wide variety, their product range is limited. It is cost efficient, because they improve their processes in order to keep the costs low. In addition, they need the same resources to produce their products, for example, packaging, pots, fertilizers etcetera. This way they aim for product cost reduction.
- They constantly improve their business to reduce their costs. With a limited variation in product range this is easier because their focus lies on that product. This group consist of pioneers, and they all have a strong proclivity for high-risk projects because two of the five enterprises (E, K) were the first ones to invest in new technologies. Two other enterprises (C, I) produce flowers/ plants abroad, which is not obvious because these cultivations are difficult. Company G takes risks with producing a wide range of products all year round in a small market for floricultural products.
- They have wide- ranging acts to achieve their firms' objective. For example, two companies (E, K) think sustainable. Company E makes use of a heat pump, it is cost efficient but also environmental friendly. Company K indicated that everything gets recycled (chemicals, fertilizers and water) within their company and is being reused. That way they supply products that correspond to their customer demand, but they also save money and so they improve their operating efficiency. All companies also sell their projects directly to the wholesale/ retail market, so to achieve their firms' objective they have sales activities as well.
- Four out of the five enterprises (E, G, I, K) don't conduct promotions at a level above the industry average. They do not participate in trade shows to promote their products because their intentions are to save costs. Only one company (C) does so, because they believe that it has a positive effect on sales.

This group is called 'Calculating entrepreneurs' because these enterprises constantly improve their businesses to reduce their costs. The motive why they internationalized their businesses had mainly to do with the high production costs in the Netherlands. They have a limited variation in their product range and so they want to produce products in a cost efficient way.

III. Customer oriented entrepreneurs

Enterprises: A, B, F, J

Similarities and differences:

- These entrepreneurs are fully internationalized. All companies have a production facility in Africa. They serve their consumers good quality products for a reasonable price. Another reason why they internationalized their business is connected to the future prospects in the Netherlands. They did not see future prospects in the Netherlands because they can't compete with other growers in Africa that bring their products on the Dutch sales market. This is mainly caused by the high production costs in the Netherlands.
- They all think sustainable and are progressive in this aspect. Company 'J' has a workers council, to give the employees the possibility to give their opinion on the company process. Next to that, a hospital is built for their employees. Company 'A' separates and recycles their waste where possible. Also they make use of biological pesticides. In addition, they support local projects to build their country. Company F won an award for being the most sustainable company in one of the countries in the continent Africa. This company has IPM programs with biological control of pests and diseases to minimize the use of chemicals. Next to that this company produces flowers/plants in a sustainable way in a good working environment. They achieve competitive advantage based on understanding their customers' needs. Nowadays, customers think in a more sustainable way.
- Three of the four companies are fully internationalized, however, the one that internationalized partially (B) indicates that they have no option to internationalize their enterprise fully because they had invested in the Netherlands in the past, but they indicate that this will be done in the future. They transport their products first to the Netherlands to sell them at the auction in the Netherlands. They also sell their flowers directly to the wholesale/ retail market but this is a smaller percentage. This means that all companies in this category have well organised logistics services. These enterprises design/ produce products to order and the orders are packaged and shipped to each customer in appropriate way.
- All enterprises want to serve the customer optimally and are customer oriented. They mix roses in bunches, wrap them, affix bar codes, price labels and sachets of cut flower food to bunches, etcetera. Everything is possible. Moreover, they also want to supply the retail market.
- They participate in trade shows to promote their services and products.
- Three of the four companies (B, F, J) have a wide range of products (>10), however they grow one type of product but they produce different varieties of that product. Company A grows nine different varieties of one product. This way they want to serve their customers, because of their wide range of products. In addition, this way they also save costs and so they also aim for cost reduction. So, all enterprises in this category want to serve their customers but in addition, they want to save their costs. Two companies (J, F) also produce new varieties; they have close contact with breeders, in this way they want to serve the customers better.

This group is called 'Customer oriented entrepreneurs' because these enterprises serve their consumers good quality products for a reasonable price. They are customer oriented and want to serve the customer optimally. They act progressively on the market and their product range is wide.

4.3 Internationalization strategies

The strategy contains three layers of aspects. The layers of aspects can affect the internationalization strategy of SMEs. All thirteen respondents have a strategy with a time span over 5 years. The respondents indicated that a time-span of ≤ 1 year or time-span of $2 \leq 5$ years was too short, because it takes time to produce these flowers/ plants. Several enterprises (B, H, J, and L) explained to me that you have to invest heavily in these products, before you can harvest the flowers and earn some money. It takes a few years (± 2 years). The enterprises constantly observe the market, when it is necessary they adapt their strategy.

This paragraph has as goal to give some insight in which internationalization strategy belongs with which group. Three internationalization strategies are distinguished from each other: Product leadership, Customer intimacy and Operational excellence. Every strategy has some pillars. The pillars of each strategy are formulated based on the intra - company elements of the strategy profile. These intra - company elements come back within the survey (Appendix 2; "Section 2) and the interview.

As you can see, the pillars of 'Product leadership' are most related to 'Developers/ innovators'. The pillars of 'Customer intimacy' are most related to 'Customer oriented entrepreneurs and finally, the pillars of 'Operational excellence' are most related to "Calculating entrepreneurs". This is shown in table 17.

Table 17: Characteristics of the enterprise strategy

	Refine and improve existing products	High share of new product	New product development	Design and functionality - competitive position	Brand is different from other brands - actual product attributes	Brand is different from other brands - Quality	Achieve competitive advantage based on understanding our customers' needs	Design / produce products to order	Orders are packaged and shipped in way appropriate to each customer	Advertising above industry average	Promotions above industry average	Improve our processes in order to keep costs low	Improving our operating efficiency	Strive for cost reduction
Weighting developers / innovators														
D	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓
H		✓		✓	✓		✓		✓			✓	✓	✓
L	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	
M	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		
Calculating entrepreneurs														
C	✓						✓	✓	✓			✓	✓	✓
E								✓	✓			✓	✓	✓
G					✓		✓	✓	✓	✓		✓	✓	✓
I	✓				✓	✓			✓			✓	✓	✓
K							✓	✓	✓	✓		✓	✓	✓
Customer oriented entrepreneurs														
A							✓	✓	✓	✓		✓		✓
B	✓			✓			✓	✓	✓	✓		✓		✓
F	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓			
J					✓	✓	✓	✓	✓	✓	✓			

Source: Created: M.T. van der Hulst (2013)

Below, the competitive strategy of every group is described; (I) Developers/ innovators, (II) Calculating entrepreneurs and (III) Customer oriented entrepreneurs.

I. Developers/ innovators

All respondents have a strategy with a time span longer than 5 years. With this time span, enterprises can show their bank how they want to operate in the coming years and how they want to grow, but more important in this group is that they produce new types of flowers/ plants which cost a lot of money. Besides, it also costs a lot of time for a company to create a new variety of flowers or plants, before they can earn money. The enterprises in this group adhere steadfastly to the strategy they have, because it costs time and money to create new varieties. Characteristics in this category are:

- Enterprises with breeding activities are established in a 'disposable society', they throw it away when the new variety does not meet the requirements, despite the fact that it cost a lot of money and time. They do not keep it! These companies develop new products. Their brand is different from other brands based on quality and their actual product attributes.
- These enterprises do not control their costs; they spend a lot of money first before they earn something back.
- They constantly observe the market, and try to breed varieties which correspond to the market demand in the future. These enterprises are mainly focused on product leadership - they refine and improve existing products.
- These companies excel at product leadership and brand marketing, innovation, high margins in a short period of time and offering the client the best product. They achieve a competitive position by means of design and functionality of the product.
- Their product range is related to innovation. They have a high share of new products in their portfolio.

In short, this group is characterized by product leadership.

II. Calculating entrepreneurs

All respondents in this category have a strategy with a time span longer than 5 years. This time span is necessary because the enterprises indicated during the interview that it is important to have a good business talk with their bank. They are really focused on their costs. The internationalization motives show the reasons why they internationalized their business partially or fully. Most times Their motives were related to finance because it was financially attractive to internationalize their business.

Characteristics in this category are:

- Enterprises in this category invest to save costs. For example they invest in energy-saving devices to save energy costs. Most companies in this category think sustainable and in doing so they want to earn money.
- Before these enterprises invest, they think carefully. They do not react impulsively.
- Their production processes are effective and they have quality products and well organised logistics services. They improve their processes in order to keep costs low.
- These enterprises produce products in the same product category because variety kills efficiency in these companies. They aim at cost reduction.
- Cost efficiency is the most important aspect within these businesses.

In short, this group is characterized by operational excellence.

III. Customer oriented entrepreneurs

All respondents in this category have a strategy with a time span longer than 5 years. It is important that these companies can anticipate on the market but that they have some money reserved for any disappointing figures in the future. They focus mainly on customer relations.

Characteristics in this category are:

- With these enterprises everything is possible when we talk about serving the customer, for example, these enterprises focus on their customer. They mix the flowers in bunches, wrap them, affix bar codes, price labels and sachets of cut flower food to bunches and they pre-treat the flowers when necessary. In this way the flowers are packaged in ways appropriate to each customer.
- They observe and anticipate future trends in the market. They design or produce their products to order.
- Their product range is wide because they have more than 10 different product varieties in their product category.
- They achieve competitive advantage based on understanding the customers' needs. Quality is important but so are their costs so they have a best total solution (balance between best products – best total costs). It is important for them to have an organised logistic service because floricultural products have a vase life of a few days to a couple of weeks. Moreover these products are highly perishable. It is important that the supply chain is uninterrupted and cold especially with these companies that grow their flowers in Africa. A delay in transportation can affect the quality. This group expects that direct transportation to the destination is the future.
- These enterprises focus on customer relations and they promote their products and service above industry average.

In short, this group is characterized by customer intimacy.

Conclusion strategy

Developers/ innovators:	Their strategy is characterized by product leadership.
Calculating entrepreneurs:	Their strategy is characterized by operational excellence.
Customer oriented entrepreneurs:	Their strategy is characterized by customer intimacy.

4.4 International entrepreneurship

The international entrepreneurship profile contains three dimensions. Below, the international entrepreneurship profile of every group is described; (I) Developers/ innovators, (II) Calculating entrepreneurs and (III) Customer oriented entrepreneurs.

This paragraph has as goal to give some insight in which international entrepreneurship profile belongs to which group. Three international entrepreneurship profiles are distinguished from each other: Innovative behaviour, Proactive behaviour, Risk-seeking behaviour. Every dimension has some pillars. The pillars of each dimension are formulated based on the intra - company elements of the international entrepreneurship profile. These intra - company elements come back within the survey (Appendix 2; "Section 3) and the interview.

As you can see the pillars of 'Innovative behaviour' are most related to 'Developers/ innovators' and to the 'Calculating entrepreneurs', the pillars of 'Proactive behaviour' are most related to 'Customer oriented entrepreneurs'. However, most enterprises have a combination of innovative, proactive and risk-seeking behaviour characteristics within their enterprise. This is because international entrepreneurship is defined as, *"a combination of innovative, proactive and risk-seeking behaviour that crosses national borders and it is intended to create value in organizations"*(McDougall and Oviatt 2000). The behaviours of enterprises are shown in table 18.

Table 18: Characteristics of their enterprise behaviour

	Innovative behaviour	Proactive behaviour	Risk-seeking behaviour						
	Strong emphasis on R&D, technological leadership and innovations	Very many new lines of products and services	Changes in product or service lines have usually been quite dramatic	Initiates actions to which competitors then respond	Very often the first business to introduce new products/ services	undo the competitors' posture	A strong proclivity for high-risk projects	Wide-ranging acts are necessary to achieve the firm's objectives	Aggressive posture in order to maximize the probability of exploiting potential opportunities
Weighting developers / innovators									
D	✓	✓	✓	✓	✓	✓			
H		✓			✓				
L	✓	✓	✓		✓				✓
M	✓	✓	✓	✓					
Calculating entrepreneurs									
C	✓	✓	✓		✓		✓		✓
E			✓		✓	✓			
G	✓						✓		
I			✓	✓	✓		✓	✓	
K	✓		✓			✓			
Customer oriented entrepreneurs									
A		✓	✓	✓	✓	✓	✓	✓	✓
B	✓	✓	✓	✓	✓				
F		✓	✓	✓		✓		✓	
J		✓		✓	✓	✓	✓	✓	

Source: Created: M.T. van der Hulst (2013)

I. Developers/ innovators

The enterprise behaviour is mainly characterized as innovative, however company H doesn't own these innovative characteristics yet, but he indicated that he made a transition. At this moment he is a grower but he wants to transform his business into a supplier of young plants/ cuttings. He does not want to exclude breeding activities in the future. This study assumes that enterprise H will have the three characteristics of innovative behaviour in future. Some enterprises in this category also have some characteristics fitting the characteristics of proactive behaviour or risk-seeking behaviour.

The innovative characteristics are:

- The top managers of the firm favour have a strong emphasis on research and development, technological leadership and innovations.
- They have very many new lines of products and services and the changes in product or service lines have usually been quite dramatic.
- All have breeding activities creating new varieties to distinguish themselves from their competitors.

This category also shows proactive behaviour, however to a lesser extent because not all enterprises own these characteristics:

- Company M, imitates the actions of their competitors but they are not very competitive towards their competitors.
- Company D, H and L are very often the first ones to introduce new products and so they are also proactive on the market.
- Company D adopts an 'undo-the-competitors' posture

Finally, one enterprise (L) mentioned that they also practise risk-seeking behaviour because wide-ranging acts are necessary to achieve the firm's objectives.

In short, the behaviour of 'Developers/ innovators' are mainly characterized as innovative.

II. Calculating entrepreneurs

'Calculating entrepreneurs' contain an international entrepreneurship profile that is sometimes characterized as innovative, proactive and risk-seeking. However, risk-seeking behaviour is less popular in this group because times are changing and so some enterprises take less risk because of the uncertain future.

- The top managers of the firm favour have a strong emphasis on research and development, technological leadership and innovations (process innovations) (C, G, K).
- They have very many new lines of products and services (C).
- Changes in product or service lines have usually been quite dramatic (C, E, I, K)

This category also shows proactive behaviour, however in a lesser extent because not all enterprises own the characteristics:

- Companies I and K, initiate the actions of their competitors but they are not very competitive to their competitors.
- Companies C, E and I are very often the first businesses to introduce new products and so they are also proactive on the market.
- Company E and K adopt an 'undo-the-competitors' posture.

The risk-seeking behaviour characteristics are:

- Companies C and G have a strong proclivity for high risk projects
- Company I has wide-ranging acts to achieve the firm's objectives.
- Company C has an aggressive stand in order to maximize the probability of exploiting potential opportunities.

In short, their international entrepreneurship profile with these enterprises is sometimes characterized as innovative, proactive and risk-seeking. In the results is shown that enterprises invest to save money. Changes in product or service lines have usually been quite dramatic with these firms, this also due the earlier investments. However, they have a strong emphasises on R&D, technological leadership and innovations. They take less risk, because of the uncertain future at the moment – the economical crisis. So, their international entrepreneurship profile is characterized as innovative, proactive and risk-seeking, but their innovative behaviour (process innovation) is more prominent.

III. Customer oriented entrepreneurs

'Customer oriented entrepreneurs' contain most times an international entrepreneurship profile that is characterized as innovative, proactive and risk-seeking. So, all enterprises own some characteristics of the dimensions of the international entrepreneurship. In the results is shown that proactive behaviour is more prominent at the enterprises that focus on customer intimacy rather than innovative behaviour and risk-seeking behaviour.

The innovative characteristics are:

- The top managers of the firm favour have a strong emphasis on research and development, technological leadership and innovations (B).
- They have many lines of products to serve their customer. These lines are changed on a regular basis. So they grow a cultivation that is in line with the consumer demand.
- Company A, B, F mentioned that changes in product or service lines have usually been quite dramatic.

This category also shows proactive behaviour, however to a lesser extent because not all enterprises own the characteristics:

- All companies imitate the actions of their competitors but they are not very competitive to their competitors. These enterprises are very active to consumer expectations. All respondents in this group deliver the same services. They mix the flowers in bunches, wrap them, affix bar codes, price labels and sachets of cut flower food to bunches and they pre-treat the flowers when necessary. With these actions they want to compete in their environment but clearly competitors respond to these actions, because everybody offers these services. So, they design or produce their products to order and they focus mainly on customer relations. They observe and anticipate future trends in the market.
- Companies A, B and J are very often the first businesses to introduce new products and so they are also proactive on the market. Besides, it also struck me that all respondents start up the production facility abroad because consumers ask for less expensive flowers/plants. In the Netherlands this is not possible because the costs are too high. The production costs are much lower in Africa where they start up their production facility. They initiate this action and many competitors respond to them and move to Africa as well.
- Companies A, F and J 'undo-the-competitors' posture.

The risk-seeking behaviour characteristics are:

- Companies A, B, and J have a strong proclivity for high risk projects

- All companies have wide-ranging acts to achieve the firms' objectives.
- Only company A has an aggressive behaviour in order to maximize the probability of exploiting potential opportunities.

In short, these enterprises own some characteristics of the dimensions of the international entrepreneurship. In the results is shown that their proactive behaviour is more prominent.

Conclusion international entrepreneurship profile

Developers/ innovators:	Their behaviour is mainly characterized as innovative – product innovation
Calculating entrepreneurs:	Their international entrepreneurship profile is characterized as innovative, proactive and risk-seeking, but their innovative behaviour (process innovation) is more prominent.
Customer oriented entrepreneurs:	Their international entrepreneurship profile is characterized as innovative, proactive and risk-seeking, but their proactive behaviour is more prominent.

4.5 Properties of the groups

Properties for every group have been compiled based on the above analysis. It displays the attributes of that group. The following properties are given to each group:

I. Developers / innovators

Enterprises: D, H, L, M

Properties:

- Typical statements: “follow trends closely” – “Leading the way of developments” – “Newest of the new”.
- Developers/innovators internationalized their company partially.
- They have innovative motives to internationalize their business partially.
- They are scattered throughout Europe (E), in Africa (A) and the rest of the world (R).
- They have more production facilities because of risk spreading (diseases / fire)
- Excelling on product leadership and brand marketing, innovation, design, time to market, high margins in a short period of time.
- Product range related to innovation, all them have breeding activities or have cooperation with a breeder/ or future plans to do breeding activities internally. Here lies their focus.
- They want to deliver the best product to their customer. In these companies the customers are the growers but some of them have also activities to serve quality products for the auction. However, this is not the main activity in these companies.
- Their behaviour is mainly characterized as innovative – product innovation.

Key words: *Product innovation, best product, CRM, customer oriented.*

II. Calculating entrepreneurs

Enterprise: C, E, G, I, K

Properties:

- Typical statements: “Hand on the wallet - First think, and then speak”, “Don’t walk in seven ditches at once”.
- Calculating entrepreneurs internationalize their company partially or fully, this decision is cost related.
- All them have financial motives to internationalize their business partially or fully.
- They are scattered throughout Europe (E), in Africa (A) and the rest of the world (R).
- They compete on the basis of effective production processes, quality products and well organised logistics service to attain highly competitive cost structures.
- Limited variation in product range, because these enterprises have different product varieties in one or two product categories.
- They constantly improve their business to reduce their costs (process redesign).
- These enterprises work in a cost efficient way and have as value proposition; best total costs.

- These enterprises don't conduct advertising at a level above the industry average, because that cost money.
- They take investments to save costs.
- Their international entrepreneurship profile is characterized as innovative, proactive and risk-seeking, but their innovative behaviour (process innovation) is more prominent.

Key words: *Cost efficiency, best total cost, Different product varieties in a product category (>10), local for local production, investments to save costs*

III. Customer oriented entrepreneurs

Enterprise: A, B, F, J

Properties:

- Typical statement: "The customer is always right"
- Customer oriented entrepreneurs internationalized their business fully.
- All them have financial motives to internationalize their business fully.
- These enterprises are located in Africa.
- Their internationalization motives are also market related – to serve the customer.
- The companies are characterized as CRM, supply of products and services on time, customer expectations and reliability.
- Limited variation in product range but there are different product varieties in their product category (9 and more).
- Service customization.
- They want to supply the customer with a good product for a good price, so they have the best solution; best product – best total cost.
- Their international entrepreneurship profile is characterized as innovative, proactive and risk-seeking, but their proactive behaviour is more prominent, because they initiate actions to which competitors then respond.
- Progressive with the sustainability aspect, because customer think more sustainable.

Key words: *Customer oriented, CRM, Best total solution (best product – best total cost), well organized logistics, different product varieties in their product category*

4.6 Business performance

This research has as objective that it will provide insight in appropriate strategies for SMEs to internationalize partially or fully abroad, according to its entrepreneurship profile. This study also tries to give some insights into which effects certain strategies have on business performance.

4.6.1 Performance indicators

Market share

Most SMEs with a nursery mentioned that they had no idea how much market share they have. If they had an idea, it was a small percentage (1-2%) because the market consists of many growers. Enterprises with breeding activities have a clearer picture how much market share they have, because there are not many breeders in their market. So, we can conclude that their market share is related to the amount of players on the market. The more players, the smaller the market share. Based on this information, we decided not to use this information to indicate the business performance.

Turnover / sales

The turnover is usually mapped as performance indicator of horticultural SMEs (Meer and Jager 2013). However, this indicator can be influenced by external factors. For example, at this moment there is an economic crisis. Sales can be influenced; it may be so that their sales decreased because of the reduced demand. One enterprise (E) noticed that their sales had decreased. The other enterprises indicated that their sales had increased. So, from this we can conclude that the economical crisis does not influence their sales. However, this study did not examine the turnover per stem, plant or cutting.

The turnover of one hectare for enterprises with breeding activities is much higher than for enterprises that cultivate flowers for the sales market. 'Calculating entrepreneurs' also have a higher turnover per hectare than 'Customer oriented entrepreneurs'. This does not say much because it is all about how much profit you have in the end.

In addition, it is also not noticeable how many people enterprises need to run their business. It is highly dependent on which activities they have and what they grow, for instance is their cultivation labour intensive, or not? In which country are they located? In the third world countries, for instance the countries in the continent of Africa, mainly women work in the horticultural sector. They get low salaries and this industry is not characterized as innovative like in the Netherlands. This has an effect on the number of employees working in their production facility. From this information, it cannot be determined whether a company does well or not. However, you can see which companies are innovative and make use of machinery, because for example company C, D and I make use of machinery as well, if not their amount of employees is much higher with that amount of hectares.

Profitability

The profitability is another criterion. The spread of turnover is great. Important factors are the company characteristics, for example the scale, the variety of products and in which country they are located. The costs differ in each enterprise so it is hard to compare this information with other enterprises. In addition, the valuation of land is also an important component that determines the profitability. This aspect is not taken into account in this study because little information is known about the valuation of land in different countries. Besides, some enterprises are internationalized fully and other are internationalized partially. This creates imbalances and so it is not feasible to draw a conclusion with this aspect. Finally, labour remuneration is also a criterion for measuring the profitability. Within this study it is asked if they are satisfied with their profitability looking at the

effort they made to acquire it. Three respondents (D, E, I) are not satisfied or a bit satisfied with their profitability, this because they did not achieved their goal. Their goal was most times to achieve a profitability of above 105; this is not or almost reached. The other enterprises have a higher profitability, especially the enterprises that have especially breeding activities. Note, that companies can also be satisfied with a profitability of 100. An investment or a disease in the cultivation can influence the profitability. Another year, it may be quite different.

It was interesting that most enterprises in all categories have a higher profitability than the average profitability given by BINternet of the horticultural sector in the Netherlands (see appendix 1). Only company H and I have a business performance that is lower than the results of BINternet for their category. Company H is satisfied about its profitability, namely its goal to obtain a profitability of 105/106. This is not achieved because of plant diseases last year. Company I did not focus on one value discipline of the model of Tracy and Wiersema. Besides they did some investments, so their profitability is about 100.

Below (table 19), the performance indicators of every group are described; (I) Developers/innovators, (II) Calculating entrepreneurs and (III) Customer oriented entrepreneurs.

Interesting in this table is that 'developers/innovators' that have additional activities next to their breeding activities own more hectares, i.e. between 25 and 71 hectares. Their turnover is ranges from 16 to 30 mln. Companies with mainly breeding activities have a turnover between the 9 and 30 mln. Companies with mainly breeding activities have a better turnover per hectare, between the €1,8 and €2,3 mln. compared to the companies with additional activities. In this category the turnover per hectare was between €225,352 and €1,2 mln. The total amount of employees is also higher with the companies with mainly breeding activities, around 230 employees. These enterprises are the larger companies in this research and are all partially internationalized. High quality 'developers/innovators' that only focus on product innovation may expect to achieve a profitability of about 10% above average.

The 'calculating entrepreneurs' are scattered throughout Europe (E), in Africa (A) and the rest of the world (R). These are the smaller companies because they have the smallest turnover, between the €375,000 and €10 mln, and are between the 2.7 and 20 hectares in size. The total amount of employees varies from 3 to 175. These enterprises are partially and fully internationalized. High quality 'Calculating entrepreneurs' that only focus on process innovation may expect to achieve a profitability of about 5 to 10% above average.

In 2012, 'customer oriented entrepreneurs' had a turnover of around €12 million, between 41 and 42 hectares in size. Almost all of these enterprises are fully internationalized and located in Africa (A). In Africa work is conducted by hand, and results in the largest total amount of employees, between 700 and 1250. High quality 'Customer oriented entrepreneurs' that only focus on their consumers may expect to achieve a profitability of about 5% above average.

Table 19: Performance indicators of the respondents

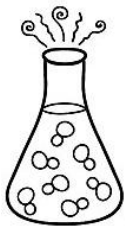
	Turnover 2012	Hectares	Turnover of 1 hectare (2012)	± Profitability	Satisfied or not with their profitability	Total amount of employees	Internationalized fully (F) or partially (P)	Located in: Africa (A) Rest of the world (R) Europe (E)
Developers / innovators								
D	€30 mln	25 ha.	€ 1,200,000	103	Not satisfied	200	P	R
H	€16 mln	71 ha.	€ 225,352	100	Satisfied	210	P	E & A
L	€30 mln	9 ha.	€ 2,333,333	109	Satisfied	230	P	E
M	€9 mln	5 ha.	€1,800,000	110	Satisfied	225	P	A
Calculating entrepreneurs								
C	€10 mln	20 ha.	€ 500,000	108.7	Satisfied	150	P	A
E	€1 mln	2.7 ha.	€ 370,370	105	Not satisfied	10	F	E
G	€375,000	4 ha.	€ 93,750	107.5	Satisfied	3	F	R
I	€5 mln	15 ha.	€ 333,333	100	A bit satisfied	175	P	A
K	€2.65 mln.	8 ha.	€ 331,250	110	Satisfied	26	F	E
Customer oriented entrepreneurs								
A	€12 mln	42 ha.	€ 285,714	105.3	Satisfied	700	F	A
B	€12 mln	41 ha.	€ 292,683	105.3	Satisfied	950	P	A
F	€12 mln	41.5 ha.	€ 289,157	105.3	Satisfied	1250	F	A
J	€12 mln	42 ha.	€ 285,714	105.3	Satisfied	1250	F	A

Source: Created: M.T. van der Hulst (2013)

4.6.2 Performance of the groups

Enterprises are different from each other; this is also displayed in the three different groups because they are located at different places. Their cultivation differs, some cultivate plants, others flowers and others cuttings or seeds or have more production activities. Some enterprises are internationalized fully, others partially and all this has an effect on business performance, their profitability. It is therefore difficult to say which group has a better business performance. The profitability of cut flower companies in 2012R was 101 in the Netherlands. Pot plant companies had a profitability of 103 in 2012R in the Netherlands and finally, bulb companies had a profitability of 96 in 2012R. For more figures see Appendix 1. With this data we can conclude that internationalization has a positive effect on the profitability of enterprises that internationalized their business partially or fully.

Below, you will find the information about the business performance each group has.



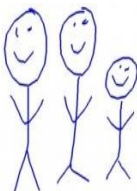
I Developers/ innovators

High quality 'Developers/innovators' that only focus on product innovation may expect to achieve a profitability of about 10% above average. Enterprises that also have other activities, for example they have a nursery for growing flowers/plants next to their breeding activities, have a profitability of about 5% above average.



II Calculating entrepreneurs

These enterprises save money by means of process innovation. The profitability range with this category is large because there are several companies located in this group. Different subsectors are available in this group; pot plants, different variety of flowers and the location, where they set up the production facility differ. High quality 'Calculating entrepreneurs' that only focus on process innovation may expect to achieve a profitability of about 5 to 10% above average.



III Customer oriented entrepreneurs

In this category the profitability range was small because the enterprises in this group do not differ much from each other. All are focussed on their consumer, they produce the same product, internationalized their business partially or fully abroad in a similar country. This has effect on their business performance. High quality 'Customer oriented entrepreneurs' that only focus on their consumers may expect to achieve a profitability of about 5% above average.

Conclusion business performance

Developers/innovators:	High quality 'Developers/innovators' that only focus on product innovation may expect to achieve a profitability of about 10% above average.
Calculating entrepreneurs:	High quality 'Calculating entrepreneurs' that only focus on process innovation may expect to achieve a profitability of about 5 to 10% above average
Customer oriented entrepreneurs:	High quality 'Customer oriented entrepreneurs' that only focus on their consumers may expect to achieve a profitability of about 5% above average

5. Discussion

The topics for the discussion are distracted from the analysis.

- **Key words:** *Methodology, questionnaire, interview*

The applied methodology, data collection based on a literature study, questionnaire and interview, was consistently used throughout the project, meaning that the information was gathered in the same manner. However, the type of used questionnaire document might have been a limitation. A semi-structured questionnaire was used for this study, however most questions were closed-ended. The interview consisted of open-ended questions, to create depth in this research and attain relevant information. The advantage of this method is that the questionnaire gives insight into other aspects to ask during the interview.

- **Key words:** *Sample selection, Process gathering data*

Concerning the sample selection, it was not easy to convince horticultural SMEs to take part in this research. Several companies selected horticultural entrepreneurs. The entrepreneurs were contacted and informed about the project by phone. Some were very enthusiastic, and returned the questionnaire. However, it was not enough to meet my sample. Everyone that participated in this research got a call weekly. In addition, the Flora Holland trade fair is visited by me, which took place in Aalsmeer – The Netherlands from 6-8 November. The enterprises presented themselves and this was my first chance to acquaint with them personally. Companies were initially surprised, but liked it later on. Some wanted to cooperate with my research directly and with other enterprises I had a standing appointment. The advantage of this fair is that you communicate directly with the manager. The manager sees you in person, and is less likely to say no.

The interviews were conducted by telephone (2), Skype conversation (2), or in person (9). The interviews were audio taped (where possible), unless the interviewee objected. The advantage of all these methods is that you can give an explanation if the respondent does not understand the question properly. However, the disadvantage of a telephone conversation is that you cannot ask very much and that the communication was not good sometimes. It was a quick method in order to reach the respondent. Skype conversation had a bigger advantage because you could see the facial expression of one another. To ensure the quality of this research, it is important that the respondent meets the criteria that have been set beforehand.

- **Key words:** *Interview manager, overview situation abroad*

If I look to the limitation concerned the interviewed manager. Some entrepreneurs still live in the Netherlands. Therefore they might not have had a clear overview of the situation abroad. A higher number of respondents could provide an opportunity to confront the data from different people and draw stronger conclusions.

- **Key words:** *Business performance indicators*

Additional limitations of this study were found in the difficulties in interviewing horticultural SMEs about their performance indicators. Literature on performance measurement in the horticultural sector includes profitability as one of the main categories. The turnover is usually mapped as performance indicator of horticultural SMEs (Meer and Jager 2013). However, this indicator can be influenced by external factors. In addition, it is also not noticeable how many people enterprises need to run their business. It is highly dependent on which activities they do and what they grow. Is their cultivation labour intensive, or not? In which country are they located? The profitability is

another criterion. The spread of their turnover is great. Important factors are the company characteristics, such as scale, variety of products and in which country they are located. The costs differ in each enterprise, so it is hard to compare this information with other enterprises. The valuation of land also determines profitability. This aspect is not taken into account within this study, since little information is known about the valuation of land in different countries. Certain enterprises are internationalized fully and other are internationalized partially. This creates imbalances and therefore it is not feasible to draw a conclusion with this aspect. Labour remuneration is also a criterion for measuring the profitability. Within this study it is asked if they are satisfied with their profitability, when they look at the effort they made to acquire it. It is noted, that companies can also be satisfied with a profitability of 100. An investment or a disease in the cultivation can influence profitability for a year. Another year, it may be quite different. External factors should therefore not be forgotten.

How a strategy affects the business performance is hard to say and could not be deduced from the gathered information.

I have learned from this study that you need to look critically at the results of a company. A low business performance does not mean that this company doesn't do well; maybe it had some investments or it is due to circumstances beyond one's control.

6. Conclusions and recommendations

As stated in Chapter one, the primary goal of this report is to identify appropriate strategies for SMEs to internationalise partially or fully abroad, according to their entrepreneurship profiles. This study also tries to give some insights in the way certain strategies affect business performance.

This study investigates revealed opportunities for horticultural SMEs that internationalized their business partially or fully at various strategies. Analysing challenges for horticultural SMEs, with regard to their strategy, there are three different internationalization strategies possible for the three different distinguished groups: (I) Developers/ innovators, (II) Calculating entrepreneurs and (III) Customer oriented entrepreneurs. This research has found that each group is associated with a specific behaviour. The findings suggest that the three groups have different business performances. This is in line with the literature, because Hambrick (1980) explained that strategy has an effect on the organization's performance. This chapter provides conclusions and recommendations to horticultural SMEs on the basis of findings, sets out results in relation to the research objectives, and describes suggestions and implications for future research.

6.1 Conclusions

This chapter concludes on the results and analysis of collected data and provides the answer the main research question:

What are appropriate strategies for Dutch horticultural SMEs to internationalize partially or fully abroad, according to their entrepreneurship profile and which effect do they have on business performance?

Research questions

Before answering the general research question, answer to sub-questions will be shortly presented:

- ❖ **RQ 1.** What are the characteristics of SMEs in regard to internationalization?
 - The definition that is used for this study is articulated by the European Commission: "The category of SMEs is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million Euros. In Africa work is conducted by hand, and results in the largest total amount of employees. With this information, it was decided to approach companies that have more than 250 employees, and maximum of 1500 (cf. §2.1)
- ❖ **RQ 2.** According to literature, what are the generic strategies, in order to create a strategic fit with the international entrepreneurship profile?
 - This study has chosen the strategy classification of Tracy and Wiersema (1995). This model distinguished three main generic competitive strategies: (1) Product leadership, (2) Customer intimacy, and (3) Operational excellence (cf. §2.2).

- ❖ **RQ 3.** According to literature, what are innovative, pro-active and risk-seeking behavioural characteristics for international entrepreneurs, in order to create a strategic fit with the strategy profile?
 - These are the dimensions of the concept of international entrepreneurship theorised by McDougall and Oviatt (2000). This concept focused on the behavioural elements of global orientation and is intended to create value in organizations that cross national borders. The goal of the international entrepreneurship analysis was to identify the behaviour of entrepreneurs in their environment. The characteristics are given in table 7, cf. §2.3.
- ❖ **RQ 4.** How to create strategic fit and how to measure the effect that the strategy has on business performance?
 - The way to create strategic fit is inspired by Scholz (1987). Both concepts, the strategy classification of Tracy and Wiersema (1995) and the concept of international entrepreneurship theorised by McDougall and Oviatt (2000), are observed through the intra- company elements. Three kinds of strategic fit have been summed up: 'Intra – company strategic – fit', 'intra – company international entrepreneurship – fit' and 'strategy – international entrepreneurship – fit'. This method provides an understanding of the strategy profile and the international entrepreneurship profile. In this way, an analysis has been compiled to formulate an appropriate internationalization strategy for horticultural SMEs. The effect that the strategy has on business performance is measured by the profitability (cf. §2.4 and §2.5).
- ❖ **RQ 5.** What are the internationalization strategies of the horticultural small and medium sized entrepreneurs in the total sample? How are these strategies characterised?
 - The internationalization strategies in the total sample indicate that almost all entrepreneurs have a long term strategy. Three internationalization strategies are distinguished: Product leadership, Customer intimacy and Operational excellence. The characteristics are given in table 17, cf. §4.3.
- ❖ **RQ 6.** What does the international entrepreneurship profile look like for Dutch horticultural SMEs in both situations?
 - The international entrepreneurship profile contains three dimensions. The behaviour of developers/ innovators is mainly characterized as innovative – product innovation. Calculating entrepreneurs have an international entrepreneurship profile that is characterized as innovative, proactive and risk-seeking, but the innovative behaviour (process innovation) is more prominent. Customer oriented entrepreneurs have an international entrepreneurship profile that is characterized as innovative, proactive and risk-seeking, but the proactive behaviour is more prominent, because they initiate actions to which competitors then respond (cf. §4.4).
- ❖ **RQ 7.** What is the best combination of both profiles; strategy profile and international entrepreneurship profile, to get the best business performance?
 - Based on the analyses, the group of 'developers/innovators' have the best business performance. They have a profitability of about 110. Their behaviour is characterized as innovative based on their products because they create new products to improve the firm's market position. The strategy is based on product innovation and development. These companies excel in product leadership and brand marketing, product innovation, design, time- to – market, high margins in a short period of time and the desire to offer the grower the best product. Their product range is related to innovation (cf. §4.5 and §4.6).

Propositions

With regards to the propositions, the findings of this research show horticultural SMEs that participated in this study focus on one value discipline of the model of Tracy and Wiersema. These enterprises have business performance above the average business performance of Dutch horticultural SMEs (Appendix 1). There is a match between the literature and most of the participants, so proposition 1 is supported by the empirical findings.

Proposition 2 is a bit supported by the empirical findings because the findings indicate that SMEs have a business performance above average. Their international entrepreneurship profile is characterized as innovative, proactive and risk-seeking behaviour, but one dimension is more prominent. This dimension is closely linked to the strategy of the organization. However, the empirical findings also indicate that the behaviour of 'Developers/innovators' is mainly characterized as: innovative behaviour. These entrepreneurs also have a better business performance than the other entrepreneurs. So, proposition 2 is a bit supported by the empirical findings.

Proposition 3 is supported by the empirical findings because the matches between the strategy profile and the international entrepreneurship profile result in a positive business performance. However, this study could not say if they have a better business performance than when there is no correlation, because in all three groups a correlation exists between the international entrepreneurship profile and the strategy profile. For example, the behaviour of companies with a 'Product leadership' strategy is mainly characterized as innovative. Studies pay little attention in this correlation and therefore this finding can be a nice addition to the literature.

Proposition 1 is supported by the empirical findings

It is expected that enterprises that focus on one value discipline of the model of Tracy and Wiersema will have a better business performance than those focusing on more value disciplines.

Proposition 2 is a bit supported by the empirical findings

It is expected that enterprises which have a combination of innovative, proactive, and risk-seeking behaviour have a better business performance than when this is not the case.

Proposition 3 is supported by the empirical findings

It is expected that when a correlation exists between the strategy profile and the international entrepreneurship profile this should result in a better business performance than when this is not the case.

Main research question

After having all the sub-questions answered the answer to the main research question is provided.

What are appropriate strategies for Dutch horticultural SMEs to internationalize partially or fully abroad, according to their entrepreneurship profile and which effect do they have on business performance?

In accordance to the proposed theoretical framework (§2.6, figure 16) conclusions will be given concerning the entrepreneurship profile for horticultural SMEs, that want to internationalize their business partially or fully. The choice for an internationalization strategy will be based on the model of Tracy and Wiersema (1995).

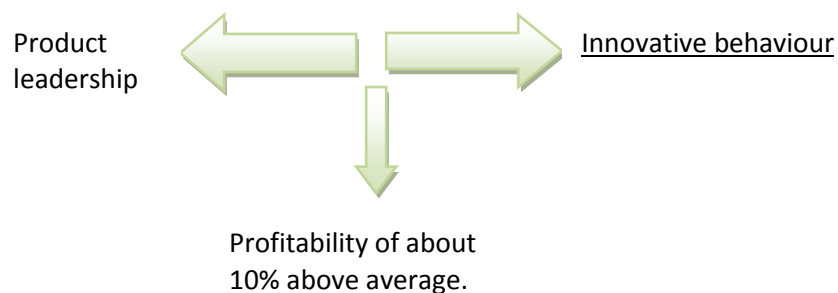
All thirteen respondents in the present study employ fewer than 1500 persons, and their annual turnover does not exceed 50 million Euros. That is the definition for SMEs in this study. They internationalized their business partially or fully, and mostly in the continent Africa. This is because of the high production costs, excessive laws and regulations in the Netherlands and the ideal growing conditions abroad.

Depending on their motives for internationalization, the horticultural SMEs were grouped by their main focus and value discipline. The most important motives for internationalization were the high production costs (labour, energy, and soil), laws and regulations in the Netherlands and the better growing conditions abroad (climate, soil). The value propositions are best product, best total solution or best total costs. Respondents can focus on consumers, innovation or finances.

Three groups of entrepreneurs were identified and strategies for each group were recommended. All strategies have a long term focus. The three groups identified are:

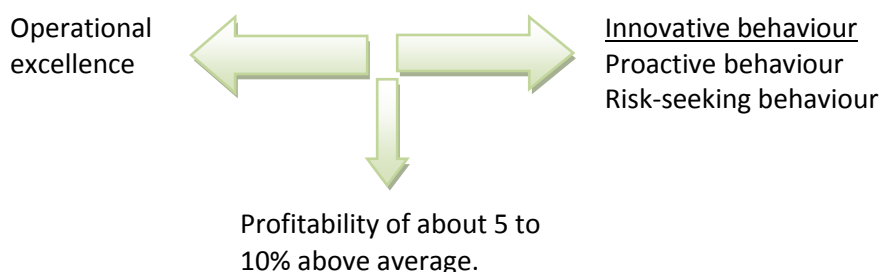
(I) Developers / innovators ($x=4$)

Developers / innovators are entrepreneurs who have breeding activities, cooperation with a breeder or future plans for breeding activities themselves. Their product range is driven by innovation and offering clients the best product. Their strategy is defined by product leadership. The behaviour of 'Developers/ innovators' is mainly characterized as innovative. High quality 'Developers/innovators' that only focus on product innovation may expect to achieve a profitability of about 10% above average.



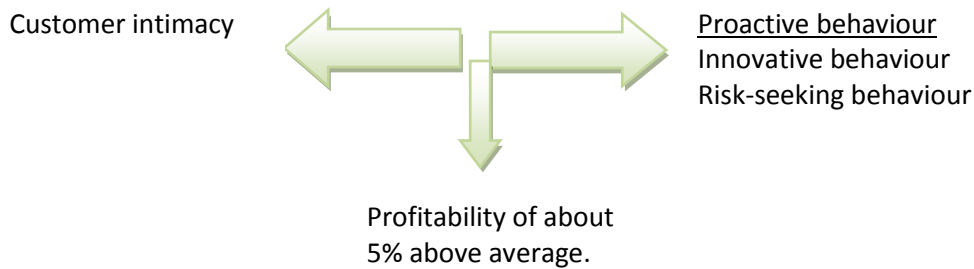
(II) Calculating entrepreneurs ($x=5$)

Calculating entrepreneurs are actively improving their businesses to reduce costs. They have limited variation in their product range and create cost effective products. Their strategy is characterized by operational excellence. Their international entrepreneurship profile is characterized as innovative, proactive and risk-seeking, but their innovative behaviour (process innovation) is more prominent and so there is a good correlation between the strategy profile and the international entrepreneurship profile. High quality 'Calculating entrepreneurs' that only focus on process innovation may expect to achieve a profitability of about 5 to 10% above average.



(III) Customer oriented entrepreneurs (x=4)

Customer oriented entrepreneurs deliver their consumers quality products at competitive prices. They are consumer oriented and concerned with supplying the customer optimally. They react proactively to changes in market demands and supply a wide product range. Their strategy is focused on customer intimacy. Their international entrepreneurship profile is characterized as innovative, proactive and risk-seeking, but the proactive behaviour is a bit more prominent in this group and so there is a good correlation between the strategy profile and the international entrepreneurship profile. High quality 'Customer oriented entrepreneurs' that only focus on their consumers may expect to achieve a profitability of about 5% above average.



These findings are summarized in figure 22.

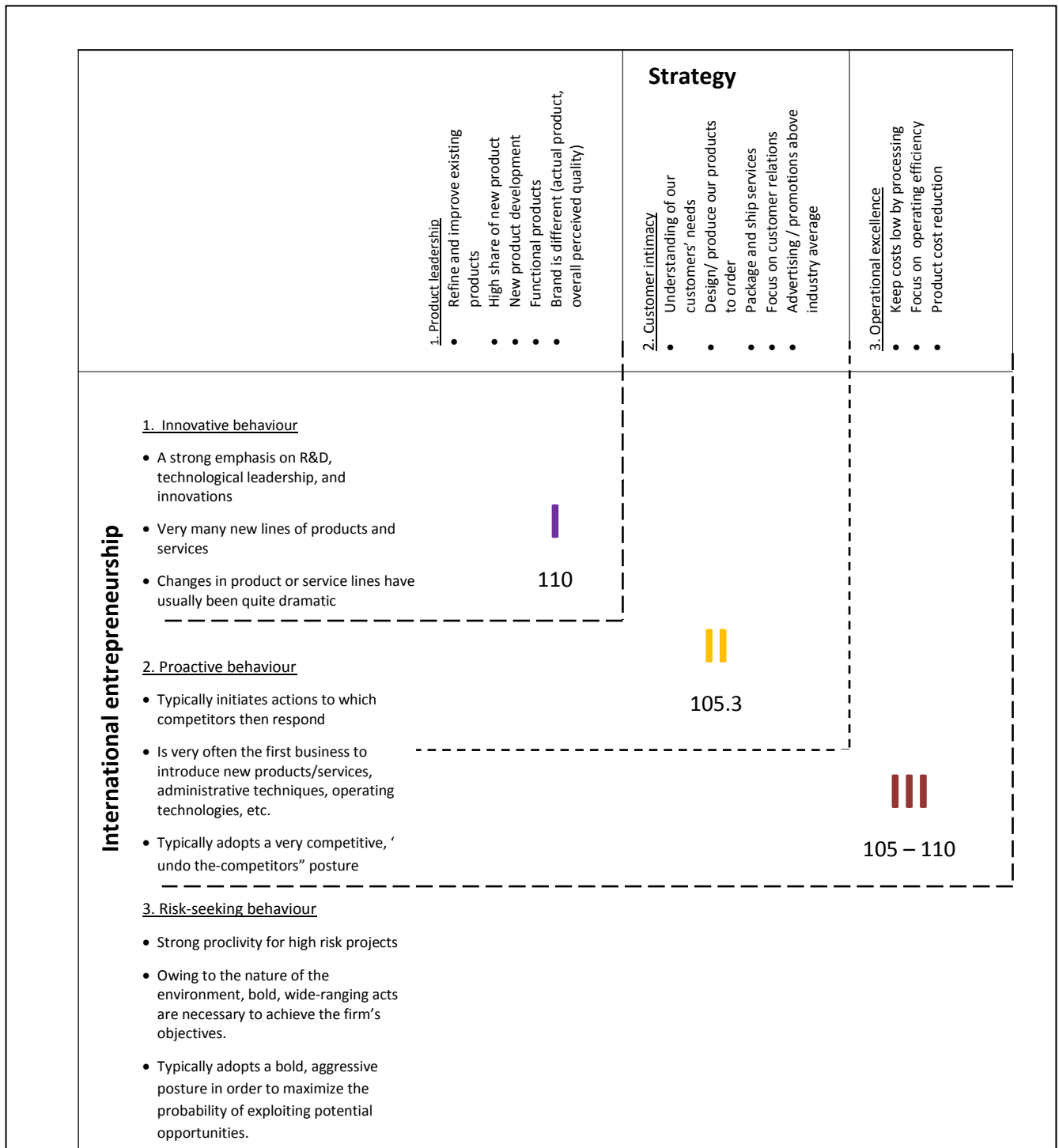


Figure 22: Conclusion (Created by: M.T. van der Hulst, inspired by Scholz; 1987)

6.2 Recommendations

This research was designed as a multiple case study. Through a literature study, questionnaires and interviews, insight was gained into appropriate strategies for SMEs. Overall, this study also tries to give some insights on how certain strategies affect business performance.

After conducting this multiple case study, some recommendations are provided for horticultural SME owners, who want to internationalize their business partially or fully. This study also provides some recommendations for further research.

This study provides three recommendations for horticultural SME owners that want to internationalize their business partially or fully:




- A They should position themselves in one of the three groups: (I) Developers/ innovators, (II) Calculating entrepreneurs and (III) Customer oriented entrepreneurs (cf. table 20).
- B They should define their strategy profile based on the strategy recommendations as shown in table 20, page 92 and implement these in their business.
- C The owners should observe in what way business performance relates to the guidelines established by the empirical findings of this study (cf. table 20).

6.3 Suggestions and implications for further research

Five suggestions and implications for further research are indicated by me:

- Due to the scope and limitations presented, this study has been able to identify several ideas for internationalization strategies, and that their business performance in the horticultural sector can be increased by the right strategy. It would be interesting to do more research e.g. on which country horticultural SMEs can create their own production facility in, consistent with the type of the entrepreneur and also to create some insight into the opportunities which certain countries have on business performance. Thus recommendations could be given for the choice of country in which a particular type of entrepreneur could start its business in order to create a better business performance.
- Due to the scope and limitations presented, this study involved thirteen horticultural entrepreneurial business profiles. These companies internationalized their businesses partially or fully all over the world. With this, they show us different internationalization strategies. A higher number of respondents could provide an opportunity to confront the data from different people and draw stronger conclusions.
- In order to gain more insight in strategic fit, additional research is needed. It would be very beneficial to know how strong the fit is between the international entrepreneurship profile and the strategy profile. This is not really explored in this study. A quantitative research could provide this information.
- In order to gain more insight on firms' business performance, additional research is needed. It would be very beneficial to speak more to other service providers; for example banks, accountancy firms and other researchers who already investigated business performance. Besides, it is necessary to see the financial reports of these companies.
- Finally, the auction will play a different role in the future. What affect does this have on the internationalization strategy of horticultural SMEs? At this moment, ornamental products are sold via the clock most times. The respondents that bring their flowers to the auction believe that the auction is becoming a logistics centre, because Flora Holland is logistically strong. Different product streams are combined there.

Table 20: Strategy recommendations

	<u>International entrepreneurship profile</u>	<u>Strategy profile</u>	<u>Business performance</u>
 I <u>Developers/innovators</u>	<p>Their behaviour is characterized as innovative based on their products because they create new products to improve the firm's market position.</p>	<p>The first strategy is based on product innovation and development. These companies excel on product leadership and brand marketing, product innovation, design, time-to market, high margins in a short period of time and want to offer the grower the best product. Their product range is related to innovation. This strategy has a long term time-span.</p>	<p>High quality 'Developers/innovators' that only focus on product innovation may expect to achieve a profitability of about 10% above average.</p>
 II <u>Calculating entrepreneurs</u>	<p>Their international entrepreneurship profile is characterized as innovative, proactive and risk-seeking, but their innovative behaviour (process innovation) is more prominent.</p>	<p>The second strategy is based on calculations and process innovation. These companies aim at effective production processes, quality products and well organised logistics services. With this they want to save money, so they can deliver a combination of reasonable quality at a low price with this strategy. Their product range is limited. This strategy has a long term time-span.</p>	<p>High quality 'Calculating entrepreneurs' that only focus on process innovation may expect to achieve a profitability of about 5 to 10% above average.</p>
 III <u>Customer oriented entrepreneurs.</u>	<p>Their international entrepreneurship profile is characterized as innovative, proactive and risk-seeking, but their proactive behaviour is a bit more prominent in this group.</p>	<p>The third strategy is based on Customer expectations. These enterprises have Customer Relations Management (CRM), they supply products and services on time and they estimate customer expectations. All these enterprises have a wide range of one variety flower in their product portfolio and so they can supply the customer a good product for a good price. This strategy has a long term time-span.</p>	<p>High quality 'Customer oriented entrepreneurs' that only focus on their consumers may expect to achieve a profitability of about 5% above average.</p>

Appendix

1. BINternet: Working results and incomes of horticultural companies

Table 21: Summary of results of Dutch glasshouse (cut flower) companies

	2009D	2010D	2011D	2012R
Standard yield (SY * €1,000) (€)	790	1,011	1,045	1,068
Area agricultural land (ha.)	2.3	3.3	3.3	3.5
Total yield (€)	851,500	1,054,900	1,074,700	1,152,500
<i>Paid costs and depreciations (excl. Interest) (€)</i>	<i>885,200</i>	<i>987,300</i>	<i>982,200</i>	<i>1,016,900</i>
<i>Calculated cost labour and capital (€)</i>	<i>147,900</i>	<i>145,400</i>	<i>134,400</i>	<i>125,500</i>
Total costs (€)	1,033,200	1,132,700	1,116,600	1,142,400
Profitability %	92	93	96	101

Source: (LEI 2013)

Legend: D = Definitive figures

R = Forecasts for 2012

Table 22: Summary of results of Dutch glasshouse (pot plant) companies

	2009D	2010D	2011D	2012R
Standard yield (SY * €1,000) (€)	920	1,412	1,575	1,619
Area agricultural land (ha.)	1.7	2.1	2.3	2.3
Total yield (€)	893,000	1,749,800	1,949,000	2,059,400
<i>Paid costs and depreciations (excl. Interest) (€)</i>	<i>806,100</i>	<i>1,569,200</i>	<i>1,757,500</i>	<i>1,857,200</i>
<i>Calculated cost labour and capital (€)</i>	<i>132,500</i>	<i>161,200</i>	<i>154,900</i>	<i>140,500</i>
Total costs (€)	938,600	1,730,400	1,912,400	1,997,700
Profitability (%)	95	101	102	103

Source: (LEI 2013)

Legend: D = Definitive figures

R = Forecasts for 2012

Table 23: Summary of results of Dutch glasshouse (bulb) companies

	2009D	2010D	2011D	2012R
Standard yield (SY * €1,000) (€)	599	609	653	672
Area agricultural land (ha.)	29.6	32.1	35.1	35.4
Total yield (€)	591,700	774,600	773,200	760,000
<i>Paid costs and depreciations (excl. Interest) (€)</i>	<i>502,400</i>	<i>622,000</i>	<i>657,500</i>	-
<i>Calculated cost labour and capital (€)</i>	<i>145,300</i>	<i>131,500</i>	<i>125,200</i>	-
Total costs (€)	647,800	753,500	782,700	791,000
Profitability (%)	91	103	99	96

Source: (LEI 2013)

Legend: D = Definitive figures

R = Forecasts for 2012

2. Letter

Dear Sir/Madam

I am a master student of the course program; Management Studies (MME) final year student of business administration at Wageningen University of The Netherlands. I am presently engaged in a research project entitled: "Improving appropriate internationalization strategies for Dutch horticultural SMEs based on international entrepreneurship", under the supervision of Dr Geoffrey Hagelaar and Prof. Dr Onno Omta.

The objective of the study is to provide insight in appropriate strategies for SMEs to internationalise partially or fully abroad. Two categories are investigated in this research: SMEs who go fully abroad and SMEs who go partially abroad.

In order to complete this study, I need to conduct a questionnaire and some interviews. It takes in total approximately 60 minutes. Please note:

- Any information obtained from the questionnaires and interviews will be used exclusively for the purposes of the research;
- All information will be treated with strict confidentiality;
- You are under no financial obligation or commitment.

To the best of your ability, please try to complete this questionnaire. It takes approximately 30 minutes. The direct benefit to you participating in this study is that the research finding will be made available to you on request.

The questionnaire is enclosed in the appendix. As the questionnaire is sent in the digital version, do not hesitate to use more space for answering the questions than is provided. However, you might possibly conclude that there are some questions that you cannot answer now, that need more in depth research. In that case please indicate/mark that question by writing a word 'interview' in the answering area. Please return the questionnaire by email (to rienne.vanderhulst@wur.nl) ultimately by 25th October 2013.

The researcher will call you when the questionnaire is returned for making an appointment for the interview, via Skype conversation, telephone, or in person. This takes also approximately 30 minutes. The exact date and time of the interview will be arranged as soon as possible.

I would like to thank you in advance for choosing to participate in my Master's research study.

Rianne van der Hulst

Email: Rianne.vanderhulst@wur.nl

3. Questionnaire document

Section 1: Profile (Source: M.T. van der Hulst, inspired by Mr F. Smits, Dr G. Dik, and Mr G. Geijteman)

Name of the enterprise:.....

Country of origin:.....

Year of Foundation:.....

Turnover:.....

Website/email/contact:.....

1. Is your organisation partially or fully internationalized? (*Full means that your SME goes abroad and creates a production facility there. Partial means that your SME keeps the production facilities in the Netherlands but also goes abroad with a production facility. So, your enterprise has a production facility in the Netherlands and you have also a production facility abroad.*)

☐ Partial

☐ Full

☐ First partially then full.

2. How many individuals are working in your company, including working owners, part-timers and full-timers?

.....

3. How many full-timers are working in your company?

.....

4. Your job position in the firm:

☐ Owner

☐ Manager

☐ Other position, namely.....

5. What kind of products does your enterprise produce? (*More answers are possible*)

☐ Cut flowers

☐ Pot plants

☐ Indoor plants

☐ Tree nursery plants

☐ Bulb- or tuberous plants

☐ Other, namely.....

6. In which year did you set up a production facility abroad?

.....

7. How many hectares did your company have before you set up a production facility abroad?

.....

8. How many hectares does your company own currently?

.....

9. In which countries do you have production activities? (*in order, first production facility to last production facility in years*)

Country	Year of establishment

10. What were the main reasons for your company to create production facilities abroad? (*Please write down the major reasons, up to 3*).

-
-
-

11. Why did you internationalize your enterprise full and not partial, or vice versa; partial and not full? Full means that your SME goes abroad and creates a production facility there. Partial means that your SME keeps the production facilities in the Netherlands but also goes abroad with a production facility. Please state up to a maximum of 3 reasons.

-
-
-

Section 2: Strategy profile

12. On which time-span does your strategy focus?

- ☐ direct; ≤ 1 year
- ☐ $2 \leq 5$ year's period
- ☐ ≥ 5 year's period

(Source: M.T. van der Hulst, inspired by Prof. Dr S.W.F. Omta)

13. Is your strategy adjusted recently because of environmental factors or economic factors, for instance the economic crisis?

- ☐ Yes
- ☐ No (Go directly to question 15)

(Source: M.T. van der Hulst, inspired by Dr G. Dik)

14. Which environmental factor(s) have/has ensured that the strategy is adjusted within your organization?

.....

(Source: M.T. van der Hulst, inspired by Dr G. Dik)

15. On this moment your company executes a strategy. The following statements are about this strategy. These statements are intended to characterize the strategy. Based on your strategy, to what extent do you agree with the following statements? Pick the most appropriate score on a scale from 1-7, where: 1= Strongly disagree, 2= Disagree, 3= Slightly disagree, 4= Undecided, 5= Slightly agree, 6= Agree, 7= Strongly agree.

Variable		Statements	Score
Product leadership	S1	We continuously refine and improve existing products	1 2 3 4 5 6 7
	S2	We have a high share of new product in our product portfolio	1 2 3 4 5 6 7
	S3	We undertake new product development above the industry average	1 2 3 4 5 6 7
	S4	The design and functionality of our products is crucial to our competitive positioning	1 2 3 4 5 6 7
	S5	Our brand is different from other brands in terms of actual product attributes (features that can be physically identified by touch, smell, sight, taste etc.).	1 2 3 4 5 6 7
	S6	Our brand is different from other brands in terms of overall perceived quality (including non-tangible, psychological perceptions of the customer).	1 2 3 4 5 6 7
Customer	S7	Our enterprise's strategy to achieve competitive advantage is based on	

intimacy		our through understanding of our customers' needs	1 2 3 4 5 6 7
	S8	We design or produce our products to order	1 2 3 4 5 6 7
	S9	Orders are packaged and shipped in way appropriate to each customer	1 2 3 4 5 6 7
	S10	Our employees are encouraged to focus on customer relations	1 2 3 4 5 6 7
	S11	We conduct advertising at a level above the industry average	1 2 3 4 5 6 7
	S12	We conduct promotions at a level above the industry average	1 2 3 4 5 6 7
Operational excellence	S13	We continuously improve our processes in order to keep costs low	1 2 3 4 5 6 7
	S14	We are constantly improving our operating efficiency	1 2 3 4 5 6 7
	S15	We continuously strive for product cost reduction	1 2 3 4 5 6 7

Source: (Reimann, Schilke et al. 2010)

16. Which of the following has the highest priority within your organization? *(Please rate the disciplines from 1-3, where 1= most important, 2= important, 3= less important; use the numbers ones)*

	Mark
Product leadership	
Customer intimacy	
Operational excellence	

(Source: M.T. van der Hulst, inspired Dr G. Hagelaar)

17. In which year did you implement this strategy in your company?

.....

(Source: M.T. van der Hulst, inspired Prof. Dr S.W.F. Omta)

Section 3: international entrepreneurship

18. The following statements are about your behaviour. These statements are intended to characterize your performance. Please indicate the scale on which the following statements about international entrepreneurship refer to you. Scale from 1-7, where: 1= Strongly disagree, 2= Disagree, 3= Slightly disagree, 4= Undecided, 5= Slightly agree, 6= Agree, 7= Strongly agree.

Variable	Aspects	Statements			
Innovative behaviour	<ul style="list-style-type: none"> The top managers of firm's favour ... 	IE1	A strong emphasis on the marketing of tried- and-true products or services	1 2 3 4 5 6 7	A strong emphasis on R&D, technological leadership, and innovations
	<ul style="list-style-type: none"> Amount of new lines of products or services that the firm marketed in the past 5 years. 	IE2	No new lines of products or services has your firm marketed in the past 5 years	1 2 3 4 5 6 7	Very many new lines of products and services
		IE3	Changes in product or service lines have been mostly of a minor nature	1 2 3 4 5 6 7	Changes in product or service lines have usually been quite dramatic
Proactive behaviour	<ul style="list-style-type: none"> The way how SMEs dealing with its competitors 	IE4	Typically responds to actions that competitors initiate	1 2 3 4 5 6 7	Typically initiates actions to which competitors then respond
		IE5	In very seldom the first business to introduce new products/services, administrative techniques, operating technologies, etc.	1 2 3 4 5 6 7	Is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc.
		IE6	Typically seeks to avoid competitive clashes, preferring a "live-and-let-live" posture	1 2 3 4 5 6 7	Typically adopts a very competitive, 'undo the-competitors" posture
Risk-seeking behaviour	<ul style="list-style-type: none"> What top managers of SMEs have... 	IE7	A strong proclivity for low-risk projects (with normal and certain rates of return)	1 2 3 4 5 6 7	A strong proclivity for high-risk projects (with chances of very high returns
	<ul style="list-style-type: none"> What top managers of SMEs believe... 	IE8	Owing to the nature of the environment, it is best to explore it gradually via cautious, incremental behaviour	1 2 3 4 5 6 7	Owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives
	<ul style="list-style-type: none"> How SMEs act by making decisions... 	IE9	Typically adopts a cautious, "wait-and-see" posture in order to minimize the probability of making costly decisions	1 2 3 4 5 6 7	Typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities.

Source: (Covin and Miller 2013)

Section 4: Performance Measurement

19. What percentage of your turnover is reserved for the following costs in 2012? *(This can also be an estimation)*

19.1 Was reserved for staff?%

19.2 Was appointed to sales activities?%

19.3 Was reserved for production capabilities?%

19.4 Was reserved for transportation?%

(Source: M.T. van der Hulst, inspired by Mr G. Geijteman, Mr R. van der Hulst, Mr H. de Jong, Mr P. Niekus)

20. How much percentage has your sales grown (or decreased) since you set up a production facility abroad? *(This can also be an estimation)*

.....%

(Source: M.T. van der Hulst, inspired by Mr G. Geijteman)

21. What were your sales before you set up the production facility abroad? *(This can also be an estimation)*

(Source: M.T. van der Hulst, inspired by Mr G. Geijteman)

22. What were your sales after you set up the production facility abroad? *(This can also be an estimation)*

.....

(Source: M.T. van der Hulst, inspired by Mr G. Geijteman)

23. What were your sales in the following years (Please fill in the table, an estimation is also fine)

Year	2010	2011	2012
Sales X €1,000			

(Source: M.T. van der Hulst, inspired by Dr G. Hagelaar)

24. What are your sales expectations for 2013?

☐ Better than 2012

☐ Worse than 2012

☐ About the same as 2012

(Source: M.T. van der Hulst, inspired by Dr G. Hagelaar)

25. Overall, how satisfied were you with sales after you set up the production facility, on a scale from 1- 7, where: 1= extremely dissatisfied, 2= Very dissatisfied, 3= Somewhat satisfied, 4= Neither satisfied nor dissatisfied, 5= Somewhat satisfied, 6= Very satisfied, 7= Extremely satisfied

1 2 3 4 5 6 7

(Source: M.T. van der Hulst, inspired by Dr G. Hagelaar, Mr G. Geijteman)

26. How much percentage has your production capability grown (or decreased) since you set up the production facility abroad? *(This can also be an estimation)*

.....%

(Source: M.T. van der Hulst, inspired by Mr G. Geijteman)

27. By what percentage is your market share increased/ decreased when you set up a production facility abroad? *(This can also be an estimation)*

.....%

(Source: M.T. van der Hulst, inspired by Mr G. Geijteman)

28. What was your market share before you set up the production facility abroad? *(This can also be an estimation)*

.....

(Source: M.T. van der Hulst, inspired by Mr G. Geijteman)

29. What was your market share after you set up the production facility abroad? *(This can also be an estimation)*

.....

(Source: M.T. van der Hulst, inspired by Mr G. Geijteman)

30. What were your market share in the following years (Please fill in the table, an estimation is also fine)

Year	2010	2011	2012
Market share in %			

(Source: M.T. van der Hulst, inspired by Dr G. Hagelaar)

31. What are your market share expectations for 2013? *(Please check only one box)*

- ☐ Better than 2012
- ☐ Worse than 2012
- ☐ About the same as 2012

(Source: M.T. van der Hulst, inspired by Mr G. Geijteman)

32. Overall, how satisfied were you with market share after you set up the production facility? *Pick the most appropriate score on a scale from 1-7, where: 1= extremely dissatisfied, 2= Very dissatisfied, 3= Somewhat satisfied, 4= Neither satisfied nor dissatisfied, 5= Somewhat satisfied, 6= Very satisfied, 7= Extremely satisfied.*

1 2 3 4 5 6 7

(Source: M.T. van der Hulst, inspired by (Mr H. de Jong, Mr P. Niekus)

33. If you look to the rate of return. Are you satisfied with your rate of return if you look at the effort you made to acquire it?"

- ☐ Yes
- ☐ No

(Source: M.T. van der Hulst, inspired by Mr H. de Jong, Mr P. Niekus)

Thank you to fulfil this questionnaire!

4. Interview

1. What were important decision points for you to establish your production facility in this/these country/ countries? *(Answer question 9)*
2. Shortly describe the strategy of your company.
3. In the questionnaire I saw that your strategy focuses on a time-span of..... *(fulfil the answer of 12 (questionnaire) on the dotted lines)*. What were the main reasons for you to use this time-span for the strategy?
4. Why will your strategy create and maintain a competitive advantage by means of *(fulfil the answer of question 16 (questionnaire) on the dotted lines?)*
5. What are the core competencies within your enterprise and how do you connect this within your strategy? *(Core competencies are what give a company one or more competitive advantages, in creating and delivering value to its customers in its chosen field)*.
6. If you can judge your own behaviour, is your behaviour characterized as proactive? And if so, how?
7. If you can judge your own behaviour, is your behaviour characterized as innovative? And if so, how?
8. If you can judge your own behaviour, is your behaviour characterized as risk-seeking? And if so, how?
9. If you look to your behaviour, is your behaviour more characterized as innovative, innovative or risk-seeking or is there a balance?
10. Please indicate how the future of your company looks like in five years?
11. When are you satisfied over the profitability within your enterprise? (Which point should it be achieved?, for example, if the costs are covered by revenues annually or if there is a profit rate of 5%)

5. Respondents

This list display all respondents of this research study; total of N= 13 respondents

<u>Fully internationalized</u>				
A				Kenya
J				Ethiopia
F				Ethiopia
G				Canada, Ontario
K				UK
E				France
<u>Partially internationalized</u>				
I				The Netherlands/ Tanzania
C				The Netherlands/ Ethiopia
B				The Netherlands/ Kenya
D				The Netherlands/ China
H				The Netherlands/ Uganda/ Portugal
M				The Netherlands/ Tanzania
L				The Netherlands / Germany

6. Interview Rabobank Nederland

Peter Niekus

Henk de Jong

1-11-2013

10.30 – 12.00 uur

1. Hoe begeleidt u de tuinbouwbedrijven binnen het internationaliseringproces? (d.m.v. onderzoeken te doen? of kijken naar andere? etc.)

De Rabobank kijkt naar de ondernemer en ze maken hem bewust wat ze kunnen verwachten in bijvoorbeeld Afrika. De Rabobank financiert glastuinbouw bedrijven niet die volledig naar het buitenland emigreren, wel werkt de Rabobank samen met buitenlandse vestigingen waardoor ze wel deze bedrijven in connectie kunnen brengen met elkaar. Bedrijven die gedeeltelijk emigreren, willen ze wel financieren. Hier zitten wel een aantal criteria aan, één daarvan is dat ze 40% van alle kosten zelf bekostigen. Tevens moeten ze ook voor de eerste vijf jaar (de verliezen) kunnen opbrengen.

2. Wat zijn de redenen waarom bedrijven in het buitenland een productielocatie opstarten (naast de vestiging in Nederland)?

De belangrijkste reden dat bedrijven internationaliseren is om kosten te drukken. De kosten liggen in Nederland relatief hoog. Bedrijven willen hun kostprijs verlagen, dit doen ze door gedeeltelijk of volledig te emigreren, vooral naar Afrika. Veel rozen worden hier geteeld, waar het 50% van de dag licht is (12 uur licht en 12 uur donker). Tevens daalt de temperatuur 's nachts naar 8 graden wat een goede kwaliteit levert. In Nederland moeten de rozen extra belicht worden om de juiste kwaliteit te krijgen, dit kost geld. Een keuze is dan voor veel ondernemers gemaakt om te internationaliseren.

Pieter Niekus legt uit dat de kostprijs hoog ligt aan het begin van de keten, dus bij de veredelaar maar naarmate het product op de markt komt behalen ze hier winst uit en is de rentabiliteit bij deze bedrijven richting de 140. De rentabiliteit ligt bij tuinbouwbedrijven op het moment bij de 100/ 101. Hij geeft aan dat deze bedrijven het goed doen op het moment omdat de sierteeltproductie het op het moment niet booming business is met de economische crisis. Om deze redenen gaan bedrijven zoeken en kijken ze op de internationale markt waar ze de kostprijs kunnen verlagen. Veel bedrijven gaan naar Afrika vanwege het hogere aantal ichturen, de warmte, de arbeid is daar vele malen goedkoper en er zijn daar mogelijkheden om door te groeien.

3. Waarom kiezen bedrijven ervoor om volledig of gedeeltelijk te internationaliseren? (Volledig houdt in dat ze Nederland achter zich laten en in het buitenland een productielocatie opstarten. Gedeeltelijk houdt in dat bedrijven zowel in het buitenland een productielocatie hebben als in Nederland)

Dit is voor ieder bedrijf verschillend.

4. Wat is de meest voorkomende strategie van Nederlandse tuinbouwbedrijven als zij in het buitenland een productielocatie starten? (Operational excellence, Product leadership, customer intimacy)

Bedrijven internationaliseren om de kostprijs te drukken; “cost leadership”. Als bedrijven daar eenmaal zitten zijn ze wel echt gefocust op één discipline. Dat wil niet betekenen dat ze niet naar de andere twee disciplines kijken want dat doen ze wel alleen in mindere mate. Dus Operational excellence, Product leadership en Customer intimacy komt voor bij glastuinbouwbedrijven die gedeeltelijk of volledige zijn geëmigreerd.

Operational excellence, bijvoorbeeld: het verbeteren van processen, of arbeidsomstandigheden verbeteren zodat de medewerkers gemotiveerder zijn en hun prestatie daardoor verbeteren.

Product leadership, bijvoorbeeld hogere marges behalen in een korter tijdsperiode en hoge kwaliteit leveren.

Customer intimacy, bijvoorbeeld klant gerelateerd. Wat wil de klant en hier direct op inspelen met bijvoorbeeld het inpakken van het product met prijssticker.

5. Als u kijkt naar het gedrag van de ondernemers die internationaliseren. Wat voor gedrag vertonen deze ondernemers? (zijn ze heel innovatief bezig, of juist proactief, of risicozoekend?)

Ze bezitten eigenlijk alle drie de dimensies van gedrag; risicozoekend, innovatief en proactief gedrag. De ondernemers zijn innovatief omdat ze proberen hun kostprijs te beheersen. Tevens zijn ze risicozoekend. Het zijn avonturiers, die internationaliseren zien als een uitdaging. Een nieuwe markt bedienen levert niet altijd een succes op meld Peter. Bedrijven die internationaliseren zijn ook proactief ingesteld. Ze denken eerst goed en doen eerst onderzoek voordat ze deze stap nemen.

6. Er zijn vele prestatie-indicatoren ontwikkeld, wat is de belangrijkste prestatie-indicator binnen deze sector om de prestatie te meten?

Rentabiliteit; dit is toch waar we naar kijken. “Is de ondernemer in staat zijn lasten jaarlijks te betalen? (Ja, geregeld, nee).” Deze vraag kan ik gedurende het persoonlijk gesprek nog even aan bod laten komen, omdat je dan weet hoe ze presteren.

Solvabiliteit is ook een belangrijke prestatie-indicator, maar dat is ongeveer het verlengde van de rentabiliteit. Het is too much om dit binnen dit onderzoek mee te nemen.

Of de verkopen of het marktaandeel is verbeterd of niet, is voor de Rabobank niet interessant geven ze aan. Wel is het verstandig om dit toch als buffer (wat ik had in mijn enquête) te vragen mochten ze niks willen loslaten over de rentabiliteit.

7. Binnen dit onderzoek kijk ik naar de 'Verkopen, Marktaandeel en Rentabiliteit'. Ik veronderstel dat bedrijven niet heel happig zijn om hun financiële gegevens aan mij te geven waardoor ik aan de hand van percentages een indicatie wil geven of een bedrijf goed gemiddeld of matig presteert in het buitenland en wat een mogelijke strategie kan zijn om de prestatie in de toekomst te verbeteren. Natuurlijk is en blijft dit een moeilijke opgave als je niet van volledige gegevens beschikt maar wanneer kun je zeggen of een bedrijf 'goed, gemiddeld of matig' presteert?

Dit kun je niet zeggen, ieder bedrijf presteert anders. Vaste grenzen kun je dan ook niet trekken, maar hoe dan wel? Bedrijven zijn identiek van elkaar en sterk afhankelijk van de markt.

8. Is er dergelijk onderzoek gedaan binnen de Rabobank?

NEE.

De Rabobank doet vele onderzoeken maar deze worden niet gedaan op het gebied van glastuinbouw (sierteelt productie). De onderzoeken zijn voor gericht op voedselproductie. De vraag: "Hoe voeden we de wereld in 2040?" staat hier hoog in het vaandel. De Rabobank beschikt over een breed netwerk wat ze ook met regelmaat inzetten en hieruit advies verlenen.

9. Kunt u mij een aantal bedrijven noemen die een groot voorbeeld zijn voor andere MKB bedrijven binnen deze sector?

- Arie van der Berg
- Zuurbier
- Stork
- Sjon Barnhoorn

10. Heeft u nog tips of suggesties voor mijn onderzoek?

Het is van belang dat je bedrijven vergelijkt die zich in dezelfde schakel zich bevinden. Kwekers zijn heel anders ingesteld als veredelaars, geeft hij aan. Tevens ligt de rentabiliteit bij veredelaars velen malen hoger dan bij bedrijven die het produceren van sierteeltproducten voorop hebben.

Daarnaast, geeft hij aan dat ik de touwen iets meer moet los laten. Er zijn heel veel bedrijven naar het zuidelijk halfmond; Afrika geëmigreerd vanwege de goede weersomstandigheden. Daar wordt vooral gewerkt met de hand in plaats met machines wat je in Europa ziet. Deze bedrijven tellen veel meer medewerkers dan 250. Echter worden ze wel op dezelfde manier aangestuurd als MKB bedrijven hier in Nederland geeft hij aan. Het gaat hier ook om vaak al familie bedrijven waar het bestuur niet groter is dan die uit Nederland. Het is dus van belang hoe deze bedrijven worden aangestuurd.

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