

‘How Irish Coffee SMEs Survive and Grow in a Globalised World’

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Abstract

Globalisation has changed the way the world does business. It has brought many opportunities and threats to businesses in Ireland, especially small-medium enterprises. This paper focuses on the themes of globalisation, internationalisation, SMEs and the coffee industry. The specific topic of research is to examine how Irish Coffee SMEs are affected by globalisation. The main research question is 'How Can Irish Coffee SMEs Survive and Grow in a Globalised World?'. Previous research has shown that globalisation brings threats to SMEs in less developed countries but in countries like Ireland, SMEs have better resources and can take full advantage of the opportunities that it brings. The main purpose of this paper is to bring more up to date research to the specific topic area and to aid Irish Coffee SMEs who are starting out to compete in such a competitive industry. The research questions are answered through qualitative data, specifically a one-on-one semi-structured interview with founder and CEO of Java Republic, David McKernan. The main findings showed that Irish Coffee SMEs should internationalise if they have the resources to take advantage of the opportunities that globalisation presents. The significance of this research is that it has updated the previous literature on the topic of globalisation, internationalisation and SMEs and has filled a gap in the literature by exploring the topic through the angle of the Coffee Industry and interviewing one of the main players.

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1. Introduction

Small-Medium Enterprises (SMEs) have three categories for a firm, the first being the micro firm which is less than 10 employees, the second being the small firm which consists of anything less than 50 employees and finally, the medium firm which is anything less than 250 employees. Small and medium enterprises make up 97% of firms in Ireland and 54% of the private sector. (Hynes, 2010).

Globalisation has many definitions and can be interpreted in countless ways. For the purpose of this paper, it can be defined as the spread of products, information, technology and jobs across national borders and cultures. In economic terms, it describes the interdependence between nations around the world through the means of free trade. (Fernando & Anderson, 2021).

Globalisation is not a new concept by any means as traders in ancient times travelled vast distances to buy and sell commodities that were rare or expensive in their homeland. That being said, it has certainly come to the forefront of the business world over the last 100 years due to the advancement of transportation. Also, given the technology advancement with the connection of the internet and mobile phones, globalisation has become a global phenomenon in recent years that has social, cultural, political and legal implications. Fernando and Anderson (2021) explain that governments worldwide have integrated a free market economic system through trade agreements and fiscal policies over the last 20 years. Governments are focused on removing barriers to trade and are trying their best to promote international commerce.

This phenomenon has divided the opinions of many around the world as although it has its obvious advantages for both countries and businesses alike it can also have some damaging effects. Many people think that globalisation is a great concept as it has the potential to make the world a better place by solving some deep-seated problems like poverty and unemployment. Globalisation helps countries and their economies by increasing employment, foreign direct investment, trade and sharing knowledge. Many businesses with the right resources can take advantage of globalisation, such as reducing costs by manufacturing abroad and buying raw materials for cheaper in other countries due to low or no tariffs. One of the most important advantages to globalisation is the access to millions of consumers or new markets. (Collins, 2015).

Josephson (2021) gives a number of reasons as to why globalisation can have a damaging effect on the world. To start, developing countries are being exploited by multinational companies (MNCs) who are taking advantage of globalisation. They set up in countries where the factors of production are much cheaper. This can also lead to the exploitation of the labour force in less developed countries. As a result of MNCs moving to countries where it is cheaper to produce, developed countries are losing job opportunities. Globalisation continues to empower multinationals at the expense of governments and citizens. They continue to exploit and move to countries with low corporation tax.

Although, globalisation is usually linked with multinationals, SMEs certainly feel the presence of globalisation. They too can reap the opportunities of a connected world. It is a great opportunity for growth, as they can expand into new markets, bring in more customers, lower cost by importing cheaper raw materials. Globalisation and the advancement of technology allows SMEs to start anywhere with ease and be connected to millions of customers straight away. Shared knowledge and making alliances can also help SMEs' growth. With the right strategy SMEs can go global in an instant with the aid of globalisation. However, SMEs also face numerous threats from the force of globalisation. It is obvious that globalisation creates greater competition for SMEs, which makes it difficult for them to compete due to the size differences. This results in SMEs having to reduce prices to compete and as a result may find themselves in a bad financial position. (find a reference for this).

Internationalisation refers to when a company takes steps to get access to new markets and increase market share outside the country of domicile. (Hayes, 2021). Internationalisation is the gateway for SMEs to go global if they have the necessary resources to do so. There are certainly barriers for SMEs in terms of economic and cultural issues that they must overcome if they want to consider going global.

There are a number of strategies or methods that SMEs can choose from when internationalising once they have chosen the right market to enter. The market entry strategies that a company must choose from can be split up into three main categories; 1. Export modes, 2. Intermediate modes and 3. Hierarchical modes.

Export mode is when company's products are manufactured in the home country but are transported to the host market either directly or indirectly. There are two types of export modes that can be chosen. Indirect exports are when manufacturers use independent organisations that are located in the producers' country which include a buying agent, broker or trading company. Direct exports is when a firm sells directly to an importer or buyer in a foreign market. There are two types of direct exports; distributor who is an exclusive

representative of the company in a foreign market and an agent who works on commission selling the exporters product to wholesalers and retailers.

Intermediate modes act as a way a business can transfer knowledge and skills to foreign markets (Hollensen, 2010). There are many types of intermediate modes which SMEs can choose from. Contract manufacturing occurs when manufacturing is outsourced to a specialist in creating a particular product. Licensing offers an opportunity for a business to expand into a foreign market without the need of capital investing. Franchising is a way of distributing products or services involving a franchisor where they use the brand's name or trademark, it usually occurs when the domestic market is saturated. The last intermediate mode is a joint venture where two or more companies collaborate and share resources to benefit each other. (Hollensen, 2010).

Hierarchical modes are more suited to firms that have more control of the foreign entry mode and it would be unusual for SMEs to take this step due to the lack of resources. There are many options within this mode including regional centres, sales and production subsidiary, resident sales rep and relocation of headquarters. (Hollensen, 2010).

According to Menke (2018) the coffee industry is worth over \$100 billion as coffee is the second most sought-after commodity in the world. The industry continues to grow at a significantly large annual growth rate of 5.5% as coffee has become a stable product in people's lives. Globalisation and internationalisation has been a huge factor for the growth in the coffee industry. Although coffee originated in Africa and most of the coffee farms are south of the equator, the coffee industry is most popular in Europe and Asia. (Goldschein, 2011).

The Irish Coffee culture is a growing phenomenon and according to a 2017 survey by Allegra World for UCC Coffee Ireland, one in three Irish people buy a cup of coffee each day. (Red Bean Roastery, 2021). The revenue earned from the coffee market is projected to be €602 million a rise of 18.2% from 2020 (Statista, 2021). Globalisation brought global chains such as Starbucks and Costa Coffee to the Irish market giving rise to the coffee trend. However, nowadays SMEs want a piece of the market as Dublin has seen rise in coffee shops opening up all around the city.

The focus of this study is to bring the themes of globalisation, internationalisation together with SMEs within the coffee industry. It surrounds the idea of how SMEs are affected by globalisation and the methods that can be used to take advantage of it. Globalisation and internationalisation are extremely important topics in today's society as the world is becoming more connected through the advancements of technology. The way people do business now has changed a lot in recent years and the force of internationalisation has helped push this

change. SMEs are the most important businesses in every economy and this paper looks at how they are affected by the shifts in business through globalisation and internationalisation. The coffee industry is extremely popular and is growing at an excellent rate due to globalisation and there are more and more SMEs entering the market. Therefore, it is the perfect industry to bring together all of the themes that will be explored in this paper and will allow for a clear and concise evaluation.

The value of this research is to aid SME coffee shops in the future with information to help them survive and grow in a globalised world. It is also adding to the existing field of research and area of knowledge surrounding the topics of globalisation, internationalisation and SMEs within the coffee industry. It will give the reader a deeper insight into each theme while ultimately answering the set out research questions. The topics of globalisation and internationalisation have lacked up-to-date research in recent years especially from the perspective of SMEs and this paper aims to change that. The research is also unique as it will take the topics and examine them from the angle or perspective of the coffee industry to really get a feel of how a single industry can be affected.

This paper aims to explore how small-medium Irish coffee shops survive and grow in a globalised world. It will look at techniques to survive in the competitive industry and analyse how they can compete against the MNCs such as Starbucks and Costa Coffee. This topic will be explored by answering four sub-research questions; What are the effects globalisation has on SME coffee firms in Ireland? Should Irish SME coffee shops go global, and if so, what strategies should be implemented to compete in the market? And what are the factors affecting Irish Coffee SME from going global?. These questions will be answered through relevant theory and a one-on-one interview with David McKernan, the founder and CEO of Java Republic.

2. Literature Review

This chapter consists of four parts, the first part will look at the topic of globalisation. Within this topic, globalisation will be analysed through what other academics and studies have said, looking at its definitions, how it affects the world today and the pros and cons it brings SME's. The second part of the literature review will focus on SME's and internationalization. This will give a closer look into what SME's are doing in light of globalisation and how they manage to grow in such a globalised world. The third part will focus on the topic of the coffee industry, bringing all parts of the literature review together to give a clear understanding of where this study is situated. The chapter concludes with an explanation of the Research Questions, and a clear gap in the literature will be identified giving purpose for this study.

2.1. Globalisation

Academics, researchers and scholars have many different definitions of globalisation. For the purpose of this paper, globalisation is a shift towards making the world a single market (Levitt, 1983, p92). This means that goods and services are traded on a worldwide basis speeding up the process making every country interdependent.

Levitt (1983, p92) in his paper 'The Globalisation of markets' explains how companies must learn to operate as if the world was one large market, ignoring superficial regional and national differences as he states "gone are accustomed differences in national or regional preferences". He explains that the world is being driven towards a converging commonality by the powerful force of technology. This force of technology has brought forward the world's needs and desires to become irrevocably homogenized and has ultimately sped up the globalization process. Levitt continues to explain that nothing can stop this process and no one is exempt as he says "Everywhere everything gets more and more like everything else as the world's preference structure is relentlessly homogenized". He states that the 'globalisation of markets is at hand', and with the power of technology, there is a new commercial reality. A reality where there is an emergence of markets that sell standardized consumer products of an unimagined scale.

Although Levitt (1983, p92) is talking about MNE's in his paper, he mentions that the most endangered companies are those that dominate rather small domestic markets and that global competition is bringing an end to domestic territoriality. He continues to state that with the new homogenized world, small nation-based markets transmogrify and expand with world

competition success coming in the form of efficiency in distribution, production, management, marketing and ultimately becomes focused on price.

Levitt's (1983, p92-102) main point across the whole paper is that companies should be a global corporation rather than a multinational. Levitt (1983, p92) explains these two are not the same thing. The multinational corporation operates in a number of countries but adjusts its products and production to suit the needs of its customers at high relative costs. Whereas, the global corporation operates with absolute consistency at low relative costs. It acts as if the entire world is a single entity selling the same thing everywhere. He continues to explain with the globalisation of markets and with everything becoming homogenised, multinational corporations are becoming obsolete, making the global corporation absolute. The global corporation actively seeks and works tirelessly towards global convergence. Corporations who actively seek the new reality of the globalised markets will benefit from enormous economies of scale in every aspect of their business from production and distribution to marketing and management.

Douglas & Wind (1987) wrote a paper titled 'The Myth of Globalization' concerning what the most appropriate strategy to implement for international markets. During the eighties in which these papers were written there were a lot of controversy surrounding this topic, as Levitt's paper was sure that the strategy of global brands and products was the key to international success. Douglas & Wind (1987, p -) however, critically examines this philosophy and its conditions to see how likely it is to be effective. Throughout the analysis, barriers of the strategy implementation are identified and it concludes that the global corporation is simply one out of a number of strategies which could be successful when competing in International markets.

This paper is divided into four parts, examining Levitt's idea of the globalisation of markets and the strategy of standardization. The first part examines the traditional perspective on international marketing strategy and looks at the debate between the uniform strategy worldwide vs adaptation to specific local market conditions. On one hand, Academics are agreeing with Levitt's view of a standardised international strategy, with benefits such as economies of scale in production and purchasing, reduced costs in product adaptation and faster accumulation of learning being too good to pass down. Britt (1974), Fatt (1967), Boote (1967) and Killough (1978) all argue for this strategy as they note that the world is becoming one, with the growing internationalization of lifestyle, and consumer wants and interests are increasing in homogeneity. They continue to say that the potential for standardization may be more suited to certain types of products such as luxury or industrial goods. However on the

other side, many argue that, Levitt's strategy is simply naïve and over simplistic ignoring some blatant factors and the inherent complexity of operations in international markets. Douglas & Wind (1987) say that the adaptation strategy is effective as it takes into account the different sociocultural, political and economic factors in some of the international markets. There are also tariff barriers and governmental and institutional constraints that must be understood.

They continue to state that the global standardization philosophy can only prove to be winning strategy under certain conditions. Douglas. & Wind (1987) list these conditions as A) the existence of a global market segment B) Potential synergies from standardization and C) the availability of a communication and distribution infrastructure to deliver the firm's offering to target customers worldwide. This means that this strategy can only work if consumers have the same needs and wants worldwide with the presence of global market segment. This strategy may bring certain synergies to the organisation creating new opportunities to transfer ideas. For example, they may develop a successful product or promotional strategy that works well in one country, and can then bring it to other countries and expect the same level of success. They can also gain experience from working in a certain country or region and transfer those skills and apply it around the world. Finally, this strategy only works if the availability of international communication and distribution infrastructure is in place. As said previously by Levitt's 'A powerful force drives the world toward a converging commonality and that force is technology'. It is quite clear that with the help of technology, communication and distribution infrastructure has expanded worldwide, allowing information to be able to travel with incredible speed.

The paper then identifies that there are a number of operational constraints surrounding the implementation of the standardization strategy. These constraints are both internal and external which hinder the firm's ability to develop such a strategy. External constraints for this strategy include government and trade restrictions, the nature of the marketing infrastructure and competitive structure and finally interdependence with resource markets. The internal constraints include existing international operations and local management motivation and attitudes. From this information, Douglas & Wind (1987) created a framework consisting of the three main strategy's ranging from complete standardization to differentiation strategy.

They conclude their paper by addressing that an effective global strategy doesn't need to be a complete standardization of products and global brands worldwide, although it can be quite success depending on the product. There are in fact other strategies that will work equally as well, as it all comes down to a careful analysis of the forces driving globalization, and the company must identify it's strengths and weaknesses to find where the most opportunities lie.

From two academic paper's already, we've seen a strong link between technology and globalisation. 'The global forces inspiring a new narrative of progress' written by Greenberg, Hirt & Smit (2017) focuses in on such a topic and analyses trends which can pose as opportunities or threats to an organisation depending on how they respond to it. It takes some of the ideas posed in both papers and examines them deeper. They list nine global forces that leaders can convert into positive momentum for their businesses. For the purpose of this paper, I will focus on 2 global forces as they relate to the this study.

The first 2 forces reflect today's global growth shifts. No developed country has recaptured the growth momentum from before the financial crash in 2008. Although the world GDP is still ahead of some historical predictions, it hasn't reached its economic potential. This moderated growth has forced businesses to take a granular approach, meaning they need to identify opportunities, placing bets and trusting in them by allocating enough resources. The first force identified in this paper in which businesses should look is 'beyond globalization'. The paper mentions that although globalization is still progressing, it is facing severe headwinds. Anti-globalisation stance is growing in many parts of the world and governments are responding. The United Kingdom are moving ahead with Brexit and The United States have stepped back from the Trans-Pacific Partnership. The growth of trade compared to growth GDP is half of what it was in the early 2000's. However the paper also mentions that there is evidence of other facets of globalization that continue to advance at a rapid pace. With the help of technology cross—border data flows are increasing at unprecedented rates. Over 1 billion social-network users have at least one foreign connection, there are about 250 million people living outside of their home country and "more than 350 million people are cross border e-commerce shoppers – expanding opportunities for small and medium sized enterprises to become micro-multinationals." Finally, businesses must recognized the calls for localization and the pronounced differences in local tastes which are making it more complicated and costly to compete globally.

The second force in relation to global growth shifts is 'resources (un)limited'. Greenberg, Hirt, & Smit (2017) state that the technological advances in the world today have changed the resource equation in many ways. Advances in analytics, automation along with innovations in material science is showing real promise of reducing resource consumption. Companies can save millions on energy consumption by changing their manufacturing methods. Technology is also transforming resource production. For example gas and oil production has increased because of the advances in fracking and Deepwater drilling. Although

technology has helped in the resource department it does come with some external consequences. For example, fossil fuels lifted the standard of living for people all over the world but has led to deteriorating air quality, carbon dangers and oil spills, ultimately damaging the planet. Business leaders will have more opportunity to seize these resource initiatives as they stretch their thinking about the resource constraints. As time progress companies will have more influence over their cost structure giving them a great global opportunity.

Amal and Awuah (2009) wrote a paper about the impact of globalization and the ability of LDCs' firms cope with the opportunities and challenges that come with that. They explain that globalisation creates interdependencies between countries. These interdependencies which occur at all levels provide the actors great opportunities. These opportunities include access to large markets, modern goods and services, modern technology and fewer barriers to trade. However, they proceed to explain how the potential benefits cannot be realized by the poorer or less developed parts of the globalised world. Globalisation also brings many challenges for these countries such as intense competition, decline of domestic job opportunities, liberalization of markets and volatility of integrated markets.

The purpose of this paper is to find out how globalisation affects the competitiveness of SMEs' in less developed countries and how they can handle the opportunities and challenges emerging from globalisation. They conducted an exploratory research using existing literature due to the topic being under-researched. The results showed that the effects of globalisation impact both developed and developing countries. They suggest that in order for SMEs to cope with the effects of globalisation will depend on their on their individual setup of the involved economies and how well they can use their capabilities to enhance competitiveness. They pointed out that ability to innovate in bringing an affordable product or service to the market and their ability to establish mutually beneficial networks of exchange relationships with some actors will enhance the SME's competitiveness. To conclude, Amal and Awuah (2009) contributed to the debate of the impact of globalization on the competitive of firms in LDCs by highlighting that if firms are capable of innovating and learning to exploit opportunities and handle the challenges of globalisation it will enhance their chances of success.

Ocloo, Akaba & Worwui-Brown (2014) paper focuses on globalisation and competitiveness, and the challenges this brings to SMEs in Ghana which relates to Amal and Awuah (2009) paper above. The paper begins to explain that virtually all firms, large and small must face the force of globalisation and suggest that in order for SMEs to survive in today's world must understand the global environment and try use it to their advantage. They stated that 'SMEs form the backbone of the private sector at all levels of developing countries'

(Ocloo, Akaba & Worwui-Brown 2014). The problem that is being addressed is that global/international firms are entering the Ghanaian market with superior products which is creating a higher acceptance than those of the local firms. This hinders the Ghanaian SMEs from competing effectively against the other players in the market. The aim of this literature is to establish the challenges that affect SMEs in Ghana from globalisation and competitiveness. This was done through a quantitative approach and a survey method of collecting data was found. The results proved that SMEs face challenges in attempt to join globalisation and be competitive. Technology, increasing level of competition and poor infrastructure were the top three most difficult challenges faced by the Ghanaian SMEs. In conclusion, globalisation and competitiveness are crucial in terms of SMEs in Ghana survival. In order for them to compete with international firms and to succeed they must formulate the right competitive strategies and have a global outlook.

2.2 SMEs & Internationalisation

It is clear that globalisation creates both opportunities and challenges to both countries and companies all over the world. Many of the challenges that come with globalisation are faced by the Small-Medium enterprises around the globe. It is clear however, that SMEs in less developed countries experience these challenges more due to their limited resources and capital. Internationalization is the method in which SME's can operate in global markets and plays an integral part of their success.

Masroor and Asim (2019) paper 'SMEs in the Contemporary Era of Global Competition' shows the damaging affects the MNCs have on the SMEs of the less developed countries. It does this through a qualitative approach comparing MNEs against SMEs. The paper clearly shows that globalisation is restricting the growth of SMEs in less developed countries. They state that SMEs are critically important for the development of the country, however, MNCs are restricting their growth through their huge investments, advanced technology and cost leadership. Globalisation is seen to have a negative effect on SMEs in less developed countries, but in developed countries like Ireland, SMEs with the right strategies in place can take advantage of globalisation. Although there is increased competition from global companies, SMEs in developed countries can grow at accelerated speeds through internationalisation.

Alexander & Korine (2008) wrote an article titled ‘When You Shouldn’t Go Global’ where they explain that although globalisation has its benefits for some companies it isn’t always the best strategy, and can in fact be detrimental. This idea that globalisation can be damaging is continued from Masroor and Asim (2019) and is looked at from many angles. Many businesses, especially ones in the service or manufacturing industry feel the need to go global and go full steam ahead toward failure. Instead of waiting and asking themselves three important questions, that might have helped them avoid their missteps.

The first question that the article lays out is ‘Are there potential benefits for our company?’. Of course many leaders would think that the answer to this question is yes, without thinking that deeply about it. Just because a move makes sense for a rival or companies in other industries doesn’t make it right for your own. It may be that a company can fully transfer their skills and technology to a new market there may not be as big of demand for the product or service compared to their home market.

The second question that must be asked is ‘Do we have the necessary management skills?’. Even if there are potential benefits for a company, they may not be in a position to achieve it. Companies must know what they are capable of before going global and competing on a global scale. They must realize their capabilities well before implementing a global strategy to their business. This question must be answered truthfully as it can have a massive effect on the future of the business.

The last question that Alexander & Korine (2008) think companies should answer is ‘Will the costs outweigh the benefits?’. Even if a company has all the resources to go global, they need to ensure it is the right move for the company in the long run. Unanticipated collateral damage, such as driving away national customers, competing with new competitors and higher costs may be counterproductive to the business. Strategists must weigh up all the options and ensure that if the company are going global that they have answered these three questions with extreme vigour.

The last two articles give reasons why globalisation could be beneficial to SME’s, “Improving the financial performance of SME’s: The presence in foreign markets and the moderating role of corporate group and alliance portfolio size” written by Ardito, Galati, Petruzzelli, & Corvino (2019) give SMEs reason to go global. The purpose of the paper is to investigate the financial performance of small- and medium sized enterprises with their presence in foreign markets. They take a design/methodology/approach where first they develop a hypotheses concerning the relationship between the presence in foreign markets and

financial performance, then created an ordinary least regression test based on a sample of 5,885 high tech US SMEs.

The literature showed two contradicting perspectives on this matter, the first stressed that SME's that have a presence in many foreign markets will be stretched and won't have enough resources to be successful and will have a negative effect on the business, on the opposite perspective, they believe that 'learning by exporting has a positive effect on internationalization and may positively impact the financial performance. This can happen if SMEs target small niche markets around the world, giving the business access to new customers and new sources of inputs and resources. This point in the literature helps them draw their hypothesis that the higher the presence in foreign markets, the higher the financial performance of SMEs.

Results show that hypothesis is correct and that the presence in foreign markets positively reflects SMEs financial performance. It was seen that companies who had a presence in foreign markets could take advantage of the benefits relating to larger volume in production, increased knowledge of the markets and the access to new sources of inputs and resources lead SMEs to a more efficient and effective way of operating.

This idea is continued in "International Performance of SMEs' International Strategic Groups" by Cabral, Carvalho, & Ferreira (2020) as it gives another insight into the financial performance of SMEs when operating on an international scale. The main purpose of this research however, is to study the relationship between the SMEs international strategy and their international performance. They want to examine, how SMEs strategy and the degree of internationalization weather it is a high, medium or low exposure will affect their performance.

A quantitative approach was taken with a sample of Portuguese international SMEs. The hypothesis of the study is that the higher the firms international exposure, the better their international strategic performance, which in turn results in better overall performance. The results showed that the hypothesis was indeed correct, and there was a positive linear relationship between internationalization and the firms performance.

This research makes major contributions to this field of study as it has extended the body of knowledge in relation to internationalization and performance relationship both methodologically and empirically. It is clear that international strategy is an extremely important aspect for a business to go global. SMEs must choose the degree of internationalization, the international scale and geographical scope within their strategy in order to increase their international performance and overall success.

Langseth, O'Dwyer & Arpa (2015) look at the forces influencing the speed of internationalisation to SMEs in Norway and Ireland using Oviatt and McDougall's (2005) model. SME's in Ireland were chosen due to the export-orientated nature, these SMEs make series contributions to the Irish economy. They take a qualitative approach using eight case studies to facilitate theory building. It is found that in order for SMEs to increase the speed of internationalisation the four most important elements were initial entry, country scope, psychic distance and commitment. The elements that impacted SME speed for internationalisation were technology, entrepreneurial actor perceptions, foreign market knowledge and network tie strength.

2.3 Coffee Industry

2.3.1 Background to the coffee industry

No one is certain on how the coffee industry was discovered as it has been around for some time. It dates back to the 15th Century in the ancient coffee forests on the Ethiopian plateau. By the 16th century it was known and traded in the Arabian Peninsula by countries such as Persia, Egypt, Syria and Turkey. It wasn't until the 17th century that it made it to Europe. (ncausa.org, 2021). In the last two centuries the coffee industry has become a marketable commodity. There are three main periods that have change the research of coffee. The first period is the free market in the 1950's where Brazil were dominating, the second period was the 1960's through to the 1980's in a controlled market within the frame of international cooperation between exporting and consuming countries. The final period is the current free market situation which started in 1989, where the government withdrew from the coffee industry and now anyone can enter. (Seudieu, 2008). With the aid of globalisation, the coffee industry has grown significantly around the world.

2.3.2 Globalisation/Internationalisation of the coffee industry

The coffee industry has felt an impact both directly and indirectly from globalisation in the last 50 years. For some companies this has positively affected them as they are able to take advantage of the growing popularity of coffee. Starbucks is a great example of this as they have managed to utilise a global strategy and consumers love for coffee. However, for other coffee companies and small SMEs', globalisation has made life difficult as prices are lowered due to increased competition. (Lewis J. 2001). As a result, SMEs' in the coffee industry have many decisions to make when considering going international. Supporting literature gives insight

into the success and struggles that Irish coffee SMEs' need to consider when drawing up a strategy.

Bertoldi, Giachino and Marengo (2012) wrote a paper titled "Bringing gourmet coffee to India: lessons of an Italian firm in an emerging market" in which they explore brand strategies implemented by food and beverage firms going international and to penetrate emerging markets. They explain that brands are an extremely important part of a company and can easily shape customer decisions and create economic value. However, there is a general absence of clear defined approaches taken by companies to penetrate emerging markets with their brands especially in the Indian market.

They continue to state that it is obvious that good knowledge across borders is bound to be more challenging than that in a single country setting. It is important that management teams and companies understand the differences in markets and apprehend why people behave the way they do. To investigate this further, the authors followed the Lavazza Company in India for three years and conducted interviews with its management to find out their values and strategies, the Indian culture and the opportunities it could offer them. Lavazza is a huge coffee brand known all around the world and have been present in over 80 countries through distributors and agents which was a traditional approach in the 1970's. They begin to then open their own subsidiaries in these countries and then started to make use of acquisitions as their internationalisation process.

The results of examining and interviewing Lavazza Company for the three years in India showed that to enter the market they acquired two coffee companies, Barista Company and Fresh & Honest Café Limited. These are two major coffee distributors with Barista Company being the second-largest Indian coffee shop chain in terms of outlets. The acquisitions were part of their precise development strategy that would lead to opening 400 outlets by 2010 in India. "Acquisition is part of our strategy and aims at expanding our operations in markets with a high development rate and high growth potential" said Alberto Lavazza the chairman of the group. Lavazza took a cautionary approach in managing their transition period because they knew an error could be fatal to their strategy. They knew the word 'Lavazza' sounded like a made up Italian word to the people of Indian, so they decided to use the names of the companies they acquired for a while and slowly bring the global brand name of the Lavazza Company to Indian.

Overall, the main steps that the Lavazza Company followed to penetrate the Indian market was, pre-assessment, adaptive brand strategy building, Implementation and finally monitoring. It was seen from the interviews that the adaptive brand strategy step is the most

important stage of the process as once you identify strong companies to acquire it is about building your brand around the new businesses and developing it into the new market without disrupting the current business.

The previous literature showed a coffee company enter an emerging market through acquisitions and trying to develop their brand. Areiza-Padilla, Cervera-Taulet and Puertas (2020) in their academic journal titled “Ethnocentrism at the Coffee Shop Industry: A Study of Starbucks in Developing Countries” they identify the antecedents and consequences of ethnocentrism in the coffee shop industry in Colombia. They recognise from numerous studies that ethnocentric consumers prefer buying products produced nationally rather than products from overseas in developed countries but there is a lack of research in relation to developing countries, like Columbia.

For their methodology they used a qualitative study based on a structured questionnaire to verify their hypotheses. They surveyed 305 people at the entrance of four Starbucks Cafés in Bogotá, Columbia. The results showed that although the Columbian customer is ethnocentric, they do possess loyalty towards cited global brands such as Starbucks. This tells us that, although a certain country or market may seem to prefer their own country’s produce it may not always be that way. If a coffee brand can position itself correctly within a new market it may be able to gain customers loyalty if it proves to be better than its competition.

There is a lack of literature and studies surrounding Coffee shops in Ireland, SMEs’ and International Strategy. However Van Hilten (1992) wrote an article titled “The international coffee trade: Developing an export strategy” in which he focuses on the international marketing of coffee. In which he looks at the processes in developing a marketing strategy, risk factors involved in the international marketing of coffee and the importance and complexities of the international coffee trade. Although it doesn’t talk about Ireland directly, there is a lot to take for coffee shop SMEs wanting to go international.

Hilten (1992) begins by explaining that a successful international marketing for coffee requires careful planning and decision making based around strategic objectives. These objectives must be well defined or else decision risks can run opposite to an industry’s strategic interests. Individual coffee exporters have many risk factors that they must consider when drawing up their export strategy. Individual exporters are not obliged to buy coffee whenever it is available compared to marketing boards who are. This means individual exporters are faced with a decisions. They could go heavily long on physicals in expectation of a price rise or go heavily short in anticipation of a price fall. If they go heavily long they will need to be able to finance this and there is potential of a loss if the market declines. The main objective

for a private risk management strategy is to maintain a regular flow of purchases and sales and never risk regular business on large speculative moves.

The article then mentions the use of intermediaries as time differences, logistics and language problems make it nearly impossible for an exporter to be in direct contact with all potential buyers. The advantage of intermediaries is that they act as a middleman, they are on the spot, speak the language and know the buyers. They provide a two-way information flow and prevent minor difficulties developing into major problems. There are three methods mentioned in the article. The first is sole agents which involves an agreement between the exporter and the country in which its importing from, through a sole agent. This sole agent is a representative of foreign markets and is essentially an overseas customer. They offer services to the foreign buyer such as negotiating prices and identifying potential sellers. The second method is through a broker, whose job is to bring a buyer and seller together and concluded deals on a commission basis. The broker deals with the contractual function side of the deal and does not handle the products. The final method is importers and traders. This method is a bit outdated and has become very blurred to distinguish. Exporters may chose this method and appoint an importer or trade house to represent them in a foreign market rather than use the services of an agent. This may limit the direct access of information or feedback but it will enable the exporter to conclude forward sales more easily.

Overall, if a company chooses to go international through exporting it is important to pick the right method and design the right marketing strategy.

2.3.3 Coffee Industry in Ireland

The Irish Coffee market has shown exponential growth in the last five years, with the main driver being convenience and choice. Irish coffee shops are being set up with ease giving the consumer a wide choice of coffee. This does cause for greater competition and can put pressure on incumbents in the industry. The growth for the coffee industry in Ireland in the next five years is projected at 7%. (Smith, 2019). It is a great industry to centre the research as more and more Irish SME's are entering and trying to compete.

2.3.4 Export market for coffee from Ireland

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Overall, if a company chooses to go international through exporting it is important to pick the right method and design the right marketing strategy.

2.3.5 Coffee retail sector in Ireland

The coffee retail sector in Ireland is extremely popular. In 2015, Ireland's coffee market was the main driver for the countries retail sector according to Allegra World Coffee Portal's report (GlobalCoffeeReport, 2015). A survey was conducted with more than 3200 Irish consumers and telephone interviews with major players in the industry. It was found that the Irish people are moving away from the traditional favoured tea and are moving towards a coffee consumption nation. The main players in the industry are Insomnia, Costa Coffee and Starbucks as they have been the major drivers for the growth in the sector. Allegra predicts the total Irish coffee shop market to exceed 750 outlets with an annual turnover of US\$675 million by 2020 (GlobalCoffeeReport, 2015).

2.4 Research Questions

From the literature review, it can be seen that this area is an important topic of research with many academics contributing to the field.

Globalisation is a term that has become extremely important over the last 50 years. The topic has been well research with many differing opinions on the matter. Small-Medium Enterprises and internationalization are also well known topics of research. SMEs' are extremely important to the business world and are the foundation of any economy. While internationalization is also a well-known area of study which can create a gateway for SMEs or any business for that matter to compete on a global scale. The coffee industry is a topic that has found a new wave of popularity in the last 20 years with new emerging industries like speciality coffee.

However, there is a clear gap in the literature in relation to coffee SMEs' and how they compete against the global giants. There is also a lack of research in relation to SMEs' internationalization process and the Irish economy. The lack of research surrounding the Irish coffee industry could be due to it only becoming a popular phenomenon in recent years. This paper aims to fill this research gap and add to the current literature while the study can help aid new SMEs' in the Irish coffee industry to compete in such a competitive industry.

From the supporting literature and the clear gaps that have been identified within it, certain research questions can be drawn up to help deepen this field of research. The overall question that this paper aims to uncover is;-

RQ1 – How do Irish coffee SMEs' survive and grow in a globalised world?

The main research question will be answered through a series of sub questions that are extracted from the main themes apparent in this paper. The first two sub questions develop from the theme of globalisation. From the supporting literature, globalisation is seen to have both positive and negative effects on SMEs' around the world. It opens a wide range of opportunities for SMEs' as the efficient connectivity between business and consumers has become even greater by communications and shipping routes. This means businesses have reduced cost, quicker delivery times and have access to a wide range of foreign clientele. However, globalisation does put added pressure onto SMEs' as they become a small fish in a big sea. They have more competition and price wars can begin to happen due to globalisation enabling big corporations to enter a market that may have previously been off the radar (Chan, M. 2017).

RQ2 – What are the affects globalisation has on SME coffee firms in Ireland?

RQ3 – Should coffee SMEs' think about going global?

The final two sub questions that will help answer the main research question for this paper stem from the theme of internationalization and SMEs'. The supporting literature has showed that internationalisation gives SMEs' the opportunity to do business internationally, However, some academics have advised against such an idea. It is clear that the management and strategist must carefully analyse each method of internationalisation and market choice as it could be the deciding factor for their global success. (Morais, F. & Ferreira, J. J. 2020).

RQ4 – What are the factors affecting coffee SMEs' from going global?

RQ5 – If coffee SMEs' should internationalise, what strategies should be implemented?

By answering these questions, further knowledge can be gained within this field of research and filling the identified gap within the literature.

3. Research Methodology

From the research questions, objectives are formed that clarify the kind and amount of data that is required to collect. The overall research objective or topic is to find out the effects globalisation has on SMEs in Ireland. Globalisation is a central theme in this paper and this study will help to identify how it affects companies and the Irish economy.

This then brings up the second research objective which is to find out should Small-Medium Enterprises think about going global when considering their strategies. From previous literature, it is clear that SMEs are put into a difficult situation once they are set up. They are thinking of management, raising capital and overall survival in such a competitive environment which asks the question should they start thinking about going global at such an early stage of the company.

The third research objective that must be answered is what are the factors that are affecting SMEs from internationalizing or going global. This study will aim to uncover the difficulties faced by SMEs that hinder them from internationalizing. Finally, the last research objective that needs to be answered is if coffee shop SMEs should internationalize or think about going global, what strategies should be implemented in order to achieve success.

To answer the research questions and achieve the aims of the above objectives, the study will focus on one SME company in the coffee industry. The company is Java Republic who are based in Dublin with CEO David McKernan being the main focus. Since the subject area is quite new and under-researched, a qualitative micro exploratory research approach will be taken. During review of the supporting literature all papers seemed to conduct a qualitative study although some undertook a descriptive or explanatory methodology. Explanatory qualitative research was considered but due to the lack of literature and knowledge on the topic of the coffee industry, exploratory research is the correct approach. In an ideal situation, many SME coffee shops would be considered and included in the methodology, however due to the timeframe and the resources available for the study, it will focus on one.

The primary data gathering of this research involved one semi-structured, one-to-one interview with the founder/owner of Java Republic, David McKernan lasting 25 minutes in total is conducted to answer the proposed research questions. A one-on-one video interview is being used to get an in-depth personal experience and opinion from an owner of a SME coffee shop. The semi-structured interview involves basing interview content around a set of themes and encouraging interviewees to develop answers, which provides both context and supporting background information (Saunders, Lewis and Thornhill, 2016), lending itself to a more exploratory study. The increased flexibility of a semi-structured interview allowed for varying exact wording of questions (Doody and Noonan, 2013), which increased the depth and vitality of the information, adding credibility to the study (Dearnley, 2005). It allows the researcher to take a flexible interpretative approach to data collection.

The methodology will follow an induction approach meaning the structure of the paper is postulated based on analysis and follows this order, Method>Data>Findings>Theory. After

the interview is conducted, the feedback will be used with relevant theory to answer the research questions and summarise the findings to give a solid grounded conclusion so that it fills a gap in the research and Irish SMEs in the future can learn from it.

The method of in-depth interview was chosen for this study to uncover the question of why rather than how many. The purpose of this study is to find out if globalisation has an impact on SMEs and ask why they should internationalise. This technique is designed to prompt a vivid picture of the participant's perspective surrounding the research topic. (Milena R. Z., Dainora G. & Alin S., 2008). This method of research was chosen over others because it can delve deeper into the topic of study and people tend to be more confident and express their true thoughts and feelings towards the study, giving the study a more 'true to life' results. (Milena R. Z., Dainora G. & Alin S., 2008). One particular drawback of the semi-structured interview is how the free-flowing conversation may make it difficult for a researcher to know when to interject to probe answers (Doody and Noonan, 2013). Data quality issues arising due to the nature of the semi-structured interview relate to reliability, bias, cultural differences and credibility (Saunders, Lewis and Thornhill, 2016). Varying levels of language arising due to the free-flowing conversation called for the probing of responses and clarification of answers, to increase validity and credibility (Ryan, Coughlan and Cronin, 2009).

A focus group was considered as a research method for this study as it would get multiple views surrounding the topics of globalisation, internationalization and how this effects SMEs. It would allow SME owners to challenge each other and would present the opportunity to observe how the group collectively make sense of such a topic. However, focus groups are extremely time consuming and due to Covid-19 virus the logistics of this method just didn't make sense. The overall technicalities of a focus group were too difficult to manage in the unforeseen circumstances and the time frame was too short surrounding this study.

Questionnaires or surveys were also considered as possible research methods for this study as they can be conducted with ease and are quite straightforward to compare and analyse the data. However, this method did not suit the study as it needs to focus on the management if not the CEO of SMEs in the coffee industry. This study needs to be focused and personal to get a deep insight into the thoughts on the matter and questionnaires/surveys would not get the careful feedback or the full story needed for this paper.

Regarding ethical considerations, full consent was received from the interviewee and the full nature of the research project was explained (Ryan, Coughlan and Cronin, 2009). The interview was audio-recorded with the interviewee's consent and note-taking was kept to a minimum to increase the researcher's ability to probe answers (Doody and Noonan, 2013).

Each response was paraphrased as a method of further clarification. The interviewee was presented with a final draft of the interview transcript that was to be included in the appendix of the project, to ensure the satisfaction with the information included.

Secondary data was originally compiled for some other purpose which can be effective in answering research questions and addressing research objectives (Saunders, Lewis and Thornhill, 2016). The predominant forms of secondary research utilised in this research project are websites, academic journals, government publications and organisation reports. Secondary data is effective in how it is unobtrusive, requires little resources to obtain and allows comparative and contextual data (Saunders, Lewis and Thornhill, 2016).

4. Analysis/Findings

This chapter discusses the data analysis and findings of the study. The semi-structured interview used in this exploratory research was carefully analysed to ensure the data gathered was focused to the research questions and extra probing was used to get concise answers around the themes of the paper. (See Appendix 1.)

The overall aim of this study was to find out how globalisation has affected the Irish SMEs in the coffee industry and to discover if they should consider internationalising at such an early stage of their business. The interview consisted of 9 base questions and since it was a semi-structured interview, extra questions were asked if more information was needed surrounding the necessary research questions.

This chapter will be split into two parts; the first section will be a short description on how the information of the study was gathered and organised. The second section will then move on to the actual content of the findings. Questions will be grouped by themes which have been seen throughout the paper. These groups involving certain questions and themes will be then spilt into sub-sections relating to the precise research questions at hand.

4.1 Data Analysis

4.1.1 Data Collection

The data was collected through a semi-structured interview with David McKernan the CEO of Java Republic. The interview was conducted using the software Microsoft Teams. Due to

Covid-19 and government restrictions a face-to-face interview was not an option. Although it loses some comfortability, conducting an online interview has its benefits. A recording of the interview takes place where it can be downloaded later and gives a rough transcript.

4.1.2 Data Organisation

After the interview was conducted it was stored on Microsoft Teams database and backed up on a USB stick for extra security. The interview was manually transcribed, with the aid of the Microsoft Teams transcript and watching a playback of the recording. Once the interview was transcribed, the data was then organised in a concise and logical manner. The semi-structured interview allowed for setting the content and questions around the themes of the paper and focusing in on the set-out research questions. This allowed for the data organisation after the interview to be presented in a logical manner. The interview consisted of 9 base questions, with a number of extra questions due to probing. The findings will be laid out in terms of themes in which sub-headings will be in place tackling the research questions from the paper.

4.2 Analysis/Findings

4.2.1 Globalisation

The first three interview questions examine research question 2 “What are the effects globalisation has on SME coffee firms in Ireland?”.

Globalisation presents SME Irish coffee firms with both opportunities and threats. The opportunities can be seen in a wide range of aspects. The popularity of the coffee industry in recent years has seen a rise in coffee shops being set up across the island of Ireland. Due to this popularity, the industry has grown at an accelerated rate meaning SMEs in the coffee industry get access to funding from the government. “Globalisation has certainly helped Irish SMEs to grow and this is especially the case with the Irish Coffee Industry, the rise in small coffee shops in Dublin in recent years is phenomenal, globalisation has certainly made the coffee industry extremely popular which gives us Irish SMEs a chance to get in on the action.” (McKernan, 2021). Globalisation has brought the coffee industry to new heights and allowing SMEs to enter the market with ease. Irish SMEs can set up a coffee shop with little to no problem thanks to the growing industry in Ireland.

Technology and the spread of knowledge has been a key benefit of globalisation over the last 20 years. It has aided the spread of growth potential across countries with each country learning from the next. Knowledge can be seen to be passed around with each country and company learning how to become as effective and efficient as possible in relation to doing business. “The spread of knowledge and the use of technology that comes from globalisation has helped Irish Coffee SMEs around Dublin. The products and the types of coffee being made in Ireland now, have come from all over the world. The Coffee Industry is worldwide and the likes of the barista championships that are on every year can give people an insight on the different cultures takes on coffee” (McKernan, 2021). Irish coffee SMEs are using the spread of knowledge and technology from globalisation to aid their success in the industry. The knowledge of the American and Italian coffee industries can be seen being used in Irish coffee SMEs in Dublin and the wider country.

Although globalisation has brought many benefits to the coffee industry in Ireland, it also has threats that can be extremely damaging if not monitored and managed correctly. Competition in the coffee industry is extremely high due to globalisation. The barriers to entry are very low, meaning that any firm can enter with ease. Although this gives SMEs a chance to enter, the global corporations such as Starbucks’s can enter new markets in different countries due to globalisation. “Obviously globalisation has seen global corporations come into small economies such as Ireland and dominate due to the power of the brand. Starbucks is a prime example in the coffee industry. Starbucks came to Ireland in 2005 and has been growing ever since. It has been tough for Irish SMEs to compete with such a big company, but you must look past them and focus on your company’s goals and try do something different”. (McKernan, 2021). Globalisation has allowed multinational corporations to enter new markets with ease, as seen with Starbucks in Ireland. They compete against firms already in the Irish industry and any new coffee SME that is set up. This can make it difficult for newly formed firms to survive and compete and is a major issue that globalisation brings to the Irish SME industry.

Competing on price can also be difficult for SMEs against the global corporations. The global corporations have a lot more resources and competencies at their disposal due to economies of scale that coffee SMEs wouldn’t have starting out in the industry. “Globalisation does bring global giants like Starbucks’s to Ireland and it can be difficult for SMEs to compete with them on a resource basis. Prices are continuing to fall in the coffee industry due to the increase in production. The larger companies can afford to charge less for their coffee but smaller enterprises might struggle” (McKernan, 2021). Global corporations that enter new

markets can lower their prices due to their resources and use of economies of scale. This results in them pinching out the competition or creating price wars with local competition.

The next three interview questions focused on research question 3 of this paper; ‘Should coffee SMEs’ think about going global?’.

Irish coffee SMEs should consider going global if they have the capabilities and resources to do so. Even at an early stage of their business, they should consider it and have it in their future plans. “Although the scenarios will be different with each business, I would say yes, I think every Irish coffee SME should have it on their mind, even if it means exporting goods across the Irish Sea to England as a start. Companies shouldn’t rush into it however and try go global just because everyone else is doing it. It needs to be extensively planned with every option weighted against the next in order for it to work.” (McKernan, 2021). Irish Coffee SMEs should consider going global at an early stage of their business but must ensure that they have the resources capable to compete at such a level. Managers must have a clear plan in order to be successful at going global.

Going global can create many opportunities for SMEs in the coffee industry. It can help them grow and access new markets and engage with new customers. It seems like a daunting task at first but most companies who take the big leap never seem to regret it. “For me, it’s all about how you can grow your business. Entering new markets and getting access to new customers. You can learn a lot about yourself and your company by going global, it’s a real test of character, it can be frightening at times knowing a wrong step could damage your brand but the rewards of going global seem to always outweigh the risks that are involved” (McKernan, 2021). Although, going global may seem like a risk to SMEs in the coffee industry, the rewards gained such as benefits of new markets and access to a whole new consumer base means they should be considering it to survive and grow in the competitive coffee industry.

Technology has helped Irish Coffee SMEs start up and expand their business at extreme speeds. The interconnectedness of people and country’s from technology has improved the way business is done. “Technology has definitely helped Java Republic become what it is today. Social media has helped us grow at an extremely fast pace, we have Twitter, Facebook Instagram and LinkedIn where we like to promote and engage with customers to give a sense of community to our brand” (McKernan, 2021). The use of technology has allowed smaller firms get access to customers all over the world. They can buy resources and sell their products much easier without huge costs. “Our state of the art website has also been a great success where customers can find out more about us but it is also our marketplace where we sell and distribute to customers all over the world.” (McKernan, 2021). Technology has not only helped

Java Republic grow in Ireland but around the world. Their customers can get access to their products through a click of a button and helps SMEs in the coffee industry to compete.

4.2.2 Internationalisation and SME's

The next two questions of the interview surround research question 4; 'What are the factors affecting coffee SMEs from going global?'

There are many risks involved when internationalising that SMEs must be aware of. Internationalising means businesses will have credit risks, they must put a lot of their capital on the line on order for their plans to work and it may not always pay off. Managers must also keep in mind that exchange rates may not always be in their favour when doing a business transaction which must be monitored and taken into account when internationalising. "There are risks involved with everything you do and you need to be prepared to face them head on. When businesses internationalise, they know that there are a number of risks that come with it. From the top of my head in relation to the coffee industry, there are credit and foreign exchange risks that can be extremely damaging to your business. You need to also be aware of the country or market you are internationalising with as there could be potential political risks associated with them. Finally shipping is a big risk for all companies in Ireland, since we are an island nearly all exports go through ports" (McKernan, 2021).

The decision to go global is difficult as it can bring a lot of new risks to the business. There are many factors that are stopping Irish SMEs from going global. These factors can stop SMEs from even considering making a global strategy and deciding to compete solely in Ireland. "There are many factors that can stop an Irish SME from going global. I guess the most obvious one would be a lack of resources. Ireland being such a small country, our economy is a lot smaller compared to other EU countries. So funding can be quite difficult at times. However there is a lot of help provided by the likes of Enterprise Ireland and Microfinance Ireland that can help start up or other SMEs to go global." (McKernan, 2021). Getting money together for such a strategy may prove difficult for Irish SMEs; internationalization is a costly process and many SMEs may lack the capabilities even if they wanted to move forward with an international strategy. Inexperience can also be a factor stopping SMEs from internationalising; the lack of experience within the management of SMEs may put a halt on their international strategies. "Another factor would have to be inexperience, many managers in SMEs would have little to no experience in internationalising so it can be a

daunting challenge. I feel that can set a lot of SMEs back and they tend to put it off for as long as possible.” (McKernan, 2021).

The final question of the interview surrounds research question 5; ‘If coffee SMEs’ should internationalise, what strategies should be implemented? ‘

There are many internationalisation strategies that Irish Coffee SMEs can choose from to suit their needs. Each method however has different costs and purpose, so it is important that Irish SMEs choose the right one for them. “So it really does all depend, for SMEs in the coffee industry I would probably advise on starting small. Choose an export mode, it could be direct or indirect depending on how much you are willing to spend. I think direct export is a great way to get started as you are still directly involved in the process” (McKernan, 2021). Direct exports seems to be the strategy that should be used by Irish Coffee SMEs as their internationalisation strategy. This method is one of the more popular methods of internationalising as it means the company sells directly to the consumer abroad. This is a great way to start internationalising for the coffee industry as they can get their products to foreign markets quickly and easily. If they are successful and foreign consumers like their products they can begin to look at more serious modes of internationalising.

5. Discussion

This chapter will consist of bringing the findings and previous literature together, giving an in-depth interpretation, analysis and synthesis on the results/findings. The Discussion will outline the similarities and differences between the literature and the new found findings and give possible explanation for these interpretations. These new findings will further aid the paper in answering the set out research questions. This chapter will first discuss the findings and relate it back to the literature and once a research question has been answered it will be discussed in detail.

Previous literature from Greenberg, Hirt & Smit (2017) discussed the global growth shifts that companies can take advantage of. The opportunities of globalisation that come from advanced technology are growing, giving companies more chance at international success. The cross boarder data flows are increasing at extraordinary rates due to technology, giving Irish SMEs the opportunity to connect with a wider audience. Technology has also helped SMEs manage their resource consumption and in the long term save a lot of money. The findings

back up Greenberg, Hirt & Smit (2017) ideas in that globalisation brings opportunities to companies in Ireland, including SMEs in the coffee industry. Technology and the spread of knowledge have made it easier for coffee shops to open and operate through better resource management and improved machinery.

Ocloo, Akaba & Worwui-Brown (2014) and Masroor and Asim (2019) highlight the challenges globalisation has on SMEs in less developed countries. The lack of technology, the increase in competition and the poor infrastructure from globalisation has proved challenging for SMEs in less developed countries. The greater competition has made it extremely difficult for SMEs from lesser developed countries to compete against the bigger multi nationals who have taken globalisation in their stride. The findings show that Ireland, a more developed country also face similar challenges from globalisation. The global corporations such as Starbuck's are creating a more fierce and competitive industry which make it difficult for Irish SME's to compete. One difference that the findings show compared to previous literature is that SMEs in developed countries have better resources to try and combat the greater competition from globalisation. Although Irish coffee SMEs still struggle and face the challenges of competing against Starbuck's, the resources and knowledge gained from being from a developed country certainly helps.

After examining the findings and comparing it to previous literature, research question two can now be answered, **RQ2 – What are the effects globalisation has on SME coffee firms in Ireland?**

It is clear that globalisation brings both opportunities and threats to SME coffee firms in Ireland. From the findings, globalisation has helped technology and the spread of knowledge become so advanced that information can be passed from country to country within seconds. The coffee industry has grown dramatically due to globalisation. The popularity of the coffee industry has seen worldwide success and can be seen in Ireland. The success of Irish coffee SMEs has shown that the coffee industry is a lucrative industry. Irish Coffee SMEs have benefitted from the resources that globalisation brings to Ireland such as the knowledge of the coffee industry and better products and machinery.

However with the opportunities gained from globalisation in Ireland, coffee SMEs also face some negative externalities. There are many challenges that are brought on from globalisation that include greater competition, price wars and difficulty to find a niche market. Globalisation has brought companies from all over the world competing in Ireland. Starbuck's is a prime example as it has made the coffee industry more competitive. These international companies can tend to lower their prices due to economies of scale which makes it difficult for

Irish coffee SMEs to compete. It is also difficult for SMEs to be in a niche market for a long duration before competition from both national and internationally due to globalisation.

Previous literature from Alexander & Korine (2008) discussed reasons when companies shouldn't go global. It was found that companies must ensure that the move is right for them and there are potential benefits from going global. If a company lacks the right management skills, they must realize their capabilities and find the right people or remain competing domestically until the time is right. Finally, companies need to examine if the benefits really outweigh the costs as going global has a lot of risk attached to it that management might overlook for potential profit. The findings from this paper believe that Irish coffee SMEs should definitely consider going global. The findings however, do support previous literature in that not all Irish Coffee firms will be ready or have the correct resources in place to do so. McKernan (2021) emphasises that although every Coffee SME should consider going global at least in the long term, they shouldn't rush into going international if it doesn't suit them at the time.

The findings showed that going global can certainly help your business. McKernan (2021) discusses how going global is all about getting the opportunity to grow your business. It enables Irish Coffee SMEs to enter new markets and get access to a wide range of new customers. The supporting literature from Amal and Awuah (2009) describes how globalisation creates interdependencies between countries. This allows companies who go global to take advantage of these opportunities and get access to large markets, modern goods and services, modern technology and fewer barriers to trade.

After examining and discussing the findings with previous literature about going global research question three can now be answered; **RQ 3 - Should coffee SMEs' think about going global?**

Irish Coffee SMEs should definitely consider going global with the opportunities that it can offer them. They can enter new markets and get access to a wide range of new customers. It allows them to grow and compete on a global scale. As a result of internationalising they can take advantage of economies of scale and gain access to more resources that they wouldn't necessarily get in Ireland. From the findings, it is clear that although Irish Coffee SMEs should consider going global they need to be aware of the risks involved and ensure they have the capabilities in to global as it could have devastating affects if they don't plan accordingly.

The findings showed that there are a few factors that are stopping Irish SMEs from going global. These factors include a lack of resources and capital, management inexperience and internationalisation difficulties. Coffee SMEs from Ireland find it difficult to raise capital

due to the small economy, they lack the resources that other large EU SMEs would have to help them go global. The management inexperience can also hinder Irish SMEs from going global. Managers who don't have any international experience may be put off going global as they would be competing against the best (McKernan, 2021). Previous literature from Areiza-Padilla, Cervera-Taulet and Puertas (2020) suggest a similar reason to the findings that Coffee SMEs might not go global due to customers prefer buying products that are produced nationally rather than products and companies from overseas. Alexander & Korine (2008) also state that you shouldn't go global if there are more risks than benefits and the management is inexperienced which back up the findings of this paper.

There are a lot of risks for SMEs when internationalising that were highlighted in the findings. Coffee SMEs are faced with credit risks which can range depending on the type of internationalising method they choose. Shipping and foreign exchange rate risks are also dangers that need to be remembered when strategizing their international plan. The foreign market that Irish Coffee SMEs choose to enter may bring on political risks, these risks can be extremely damaging to the business and must be monitored at all times (McKernan, 2021). The findings found in this paper support previous literature in that it highlights the risk for SMEs when internationalising. Alexander & Korine (2008) show that if a SME chooses to internationalise without the proper resources and a lack of experience it can have a detrimental effect on them and can prove to be extremely costly.

Research question four can now be answered after discussing the findings with supporting literature; **RQ4 – What are the factors affecting coffee SMEs' from going global?**

The lack of resources is the main factor affecting Irish Coffee SMEs from going global. To compete on a global scale companies must have a lot of resources and capital to spread it across all their divisions. SMEs may find this difficult and may result in their resources becoming stretched. Inexperience within SMEs is another factor that is affecting SMEs from going global. Management teams in many SMEs have a lack of international experience, this puts a lot of pressure on them as they are entering unknown territory. This results in the SMEs not planning on going global as they get comfortable competing on a national level. Finally there are difficulties that arise from internationalisation that may deter SMEs from going global. Internationalising involves an extreme amount of planning and there are many different stages which can be very time consuming, again this puts pressure on the SMEs' resources and can make them stretched. There are also many risks involved in internationalising that may

scare Irish Coffee SMEs into remaining domestic. These risks include credit, political, shipping and foreign exchange risks.

The supporting literature has many different views on how SMEs should internationalise. First off, Van Hilten (1992) explains that successful international marketing for coffee requires intense planning and decision making. He continues to state that individual coffee export is the most popular method but there are many risk factors attached to this export strategy. This draws similarities to the findings as direct exports was chosen as the best method for Irish Coffee SMEs.

Bertoldi, Giachino and Marengo (2012) paper explains how Lavazza an Italian coffee company opened their own subsidiaries and then used acquisitions as their internalisation process to the Indian market. This contrasts the paper findings but there are reasons for this. Lavazza is one of the leading Italian coffee brands and would differ to a SME Irish Coffee shop. Lavazza are also targeting India which would be an easier market to penetrate compare to another European country due to the popularity of European coffee.

Finally Cabral, Carvalho & Ferreira (2020) in previous literature states that the higher the firms' international exposure, the better their international strategic performance, which in turn creates a better overall performance. This contradicts the findings as export modes give the least international exposure which means they won't have better international strategic performance compared to other SME coffee firms that do.

After comparing the previous literature to the papers findings, research question five can now be answered; **RQ5 – If coffee SMEs' should internationalise, what strategies should be implemented?**

The strategy that should be taken by Irish Coffee SME's to internationalise is through direct exports. It is an easy way to get started and the company can still be involved in the process. This method is not too expensive and it is one of the easier methods for inexperienced SMEs. Irish Coffee SMEs should set up a high quality website displaying all their products are create a good packaging and transport system that will satisfy customers in foreign markets.

By answering the four sub-questions from this paper, the main research question can now be answered; **RQ1 – How do Irish coffee SMEs survive and grow in a globalised world?**

Irish Coffee SMEs shouldn't shy away from the globalised world. It is clear after looking at previous literature and conducting a semi-structured interview, globalisation brings both opportunities and threats to SMEs in Ireland. It may seem like daunting times for Coffee SMEs as globalisation has brought big corporations like Starbuck's into Ireland and are forced

to compete. SMEs looking to internationalise may also see it as a daunting challenge due to the risks involved. The findings from this paper show that in order for Irish Coffee SMEs to survive and grow, they need to plan effectively to go global to compete against the likes of Starbucks, Insomnia and Costa coffee. If the SMEs have the resources and have a management team with international experience they should internationalise and reap the benefits that globalisation has to offer. By doing this they enter new markets and get access a lot more customers. This will allow them to grow and survive in the very competitive coffee industry.

6. Conclusions and Recommendations

The final chapter in this paper will present a set of final concluding statements that tie up the paper as a whole. It will give strong and concise conclusion on the research questions answered throughout the paper. There will be a clear answer to the main research question followed by a reflection of the sub research questions by giving in-depth feedback. The conclusion section will end with a small paragraph discussing who this research will benefit in the future. The recommendations section takes a step back from the work done and will state the overall contribution to the field of research, flagging any shortcomings in the data collection while also critically evaluating the research tool used.

6.1 Conclusion

The purpose of this paper was to find out how Irish Coffee SMEs can survive and grow in a globalised world. After examining previous literature and conducting a one-on-one interview with founder and CEO of Java Republic the answer is clear. For Irish Coffee SMEs to survive and grow they must have international plans weather it is immediately or in the future. Irish SMEs won't always have the necessarily resources or experience to start internationalising right away but it is important for these businesses to have a clear plan of how they will enter new markets in the future. Globalisation will only increase in the future with barriers being knocked down making it even easier to trade and access new markets. It is important for SMEs in Ireland to realise that internationalising and reaping the benefits of globalisation is the way forward to success.

The sub-research questions within this paper are equally as important to the field of research. The findings of the sub questions allowed for an examination surrounding the topics of Irish Coffee SMEs, internationalisation and globalisation. It was found that globalisation

has many affects on Irish Coffee SMEs, both positive and negative. Globalisation has made the coffee industry extremely popular giving rise to small coffee shops around the world. Globalisation has brought resources that Irish coffee shops have been taking advantage of. The different types of coffees sold in Ireland now are all influenced by different countries and cultures. The negative effects globalisation brings to Irish Coffee SMEs can be quite damaging. These negative effects include greater competition, price wars and difficulty to find a niche market. Irish Coffee SMEs must be aware of these negative effects and strategically plan to minimise the damage. They can do this by differentiating themselves from the global giants or creating a new way for consumers to enjoy coffee.

Irish Coffee SMEs also need to consider going global as early as possible. From the findings and supporting literature it is seen that the opportunities gained from going global certainly outweigh the threats. It gives them a chance to grow and access new markets and gain new customers instantly. By doing this, they will be able to compete with larger companies in the fierce coffee industry.

Although the findings and supporting literature advise on going global, Irish Coffee SMEs need to be aware of the risks involved when internationalising. These risks include credit risks, political risks, shipping risks and foreign exchange risks. To reduce the credit risk Irish SMEs must choose the right method of internationalisation that will suit their needs and won't stretch their resources too much. They need to ensure whatever market they choose to enter that the countries views and rules are similar to their own to reduce the risk of any political headwinds. The shipping and foreign exchange risks aren't as serious but businesses must be aware of them before planning on internationalising.

While this paper advises Irish Coffee SMEs to go global, there are certain factors that are holding them back. These main two factors are lack of resources and inexperience within management. To overcome this Irish Coffee SMEs must get funding from the Irish Government. The findings suggested that Enterprise Ireland and Microfinance Ireland are there to help SMEs if they are in need of funding.

The research conducted and the findings in this paper will aid SME coffee shops in the future as it gives them information on how to survive and grow in a globalised world. In fact, SMEs in all industries in Ireland can use the information gained in this paper to grow by internationalising if they have the necessary resources to do so. New Irish SMEs in the coffee industry can use the findings found in this paper and use them to help them grow. The findings are from an experienced company in the industry and every SME can learn from them.

6.2 Recommendations

This section will give recommendations for further research into the research topic to get an even deeper insight into this field of knowledge.

The research undergone in this paper has advanced the theory of how Irish Coffee SMEs can survive and grow in a globalised world. It has taken a deeper look into the topics of globalisation, Internationalisation and SMEs and used the coffee industry as a backdrop. By combining these topics and focusing in on the Irish Coffee Industry it has filled a gap in the research and has made previous literature stronger. The literature surrounding the topics and themes throughout the paper were slightly old and outdated so this research has advanced the theory giving a present take on the topic. The area of Irish SMEs and globalisation has benefitted from this paper as the angle of the coffee sector has never been taken before. This has given new insights into the field of knowledge and further helps the people which this paper is targeting.

Although this paper has added to the field of research surrounding SMEs in the Coffee Industry and globalisation there are a few shortcomings within the data collection and data sample of the research. Covid-19 has caused many difficulties for Ireland. Social distancing and the country's restrictions has made it hard to get the sample that was needed. As a result of this, the data sample was too small and research would have benefitted from interviewing more Irish Coffee SMEs. Many Irish SMEs were unable to help out with this research due to them feeling the brunt of Covid-19 and the consequences it has had on the economy. Their resources were stretched thin and therefore could not help out. In a few years' time when the economy recovers and the Irish coffee SMEs have the resources this research would be improved by interviewing more incumbents in the industry.

The qualitative method of a semi-structured in-depth interview was chosen for this research due to the quality responses creating a vivid picture of the participant's perspective surrounding the research topic. Looking back at how things were conducted, the research would have benefitted if more sub questions were asked and the semi-structured interview method was used to its full advantage. Due to Covid-19 and how many companies didn't have the time or resources to take part in an interview, surveys or questionnaires might have been the better qualitative method for the research. However, conducting the interview has given more in-depth and concise answers that relate directly to the research questions of the paper.

Although Covid-19 has affected the sample of this study, it has still made a clear advance in the theory and has added to the field of knowledge surrounding Irish Coffee SMEs and the themes of globalisation, Internationalisation and the Coffee Industry.

Appendices

Appendix 1 : Transcript of Interview with Founder and CEO of Java Republic, David McKernan.

1. What opportunities has globalisation brought to the SME coffee industry in Ireland?

A. Globalisation has certainly helped Irish SME's to grow and this is especially the case with the Irish Coffee Industry, the rise in small coffee shops in Dublin in recent years is phenomenal, globalisation has certainly made the coffee industry extremely popular which gives us Irish SME a chance to get in on the action.

The spread of knowledge and the use of technology that comes from globalisation has also helped Irish Coffee SME's around Dublin. The products and the types of coffee being made in Ireland now, have come from all over the world. The Coffee Industry is worldwide and the likes of the barista championships that are on every year can give people an insight on the different cultures takes on coffee. Globalisation has made technology extremely affordable and reliable which makes it easier for SME to benefit from these market conditions. For example create a website or having contactless payments makes it easier for SMEs to compete and function.

Although globalisation has brought Multinational Companies to Ireland, I feel it has created a more level playing field as the online world is becoming bigger than ever.

2. What challenges has globalisation brought to the SME coffee industry in Ireland?

A. Obviously globalisation has seen global corporations come into small economies such as Ireland and dominate due to the power of the brand. Starbucks is a prime example in the coffee industry. Starbucks came to Ireland in 2005 and has been growing ever since. It has been tough for Irish SME to compete with such a big company, but you must look past them and focus on your companies goals and try do something different. As I said earlier, I feel since the online world has become so big it helps SME compete against the likes of Starbucks.

Globalisation does bring global giants like Starbucks to Ireland and it can be difficult for SME's to compete with them on a resource basis. Prices are continuing to fall in the coffee industry due to the increase in production. The larger companies can afford to charge less for their coffee but smaller enterprises might struggle. I feel this is where globalisation and the bigger companies have the advantage over SME in Ireland. The resources that big corporations have and gain from globalisation is astronomical. Smaller firms can defiantly feel the difference in resources but again you have to try look past that and concentrate on your own goals and strategies.

3. How has globalisation impacted competition in the coffee industry in Ireland?

A. Obviously globalisation has seen global corporations come into small economies such as Ireland and dominate due to the power of the brand. Starbucks is a prime example in the coffee industry. Starbucks came to Ireland in 2005 and has been growing ever since. It has been tough for Irish SME to compete with such a big company, but you must look past them and focus on your companies goals and try do something different. As I said earlier, I feel since the online world has become so big it helps SME compete against the likes of Starbucks.

4. Do you think Coffee SME's should consider going global at such an early stage of their business

A. Although the scenarios will be different with each business, I would say yes, I think every Irish coffee SME should have it on their mind, even if it means exporting goods across the Irish Sea to England as a start. Companies shouldn't rush into it however and try go global just because everyone else is doing it. It needs to be extensively planned with every option weighted against the next in order for it to work.

5. How has technology helped your business, do you think it creates new opportunities outside Ireland?

A. Technology has definitely helped Java Republic become what it is today. Social media for has helped the company grow at an extremely fast pace. We have twitter, facebook Instagram and linkin where we like to promote and engage with customers to give a sense of community within our brand. Our state of the art website has also been a great success where customers can find out more about us but it is also our marketplace where we sell and distribute to customers all over the world. Technology has helped Java Republic grow in Ireland but also

around the world. We can connect to new customers with the click of a button and enter new markets with ease.

6. How do you think going global can help your business?

A. For me, it's all about being able to grow your business. Entering new markets and getting access to new customers. You can learn a lot about yourself and your company by going global. It is a real test of character, it can be frightening at times and sometimes it could damage the brand image but the rewards of going global seem to always outweigh the risks that are involved.

There are numerous ways going global can help your business, off the top of my head other than the growth potential, I would say greater access to talented people and it can really help your reputation. Going global and making your brand known in other companies can really increase the brand awareness and it will ultimately bring in more customers. There are talented people all over the world and going global can attract them. I love hire different people from different cultures to give me new perspectives.

7. What are the risks of your business starting to internationalise?

A. There are risks involved with everything you do and you need to be prepared to face them head on. When businesses internationalise, they know that there are a number of risks that come with it. From the top of my head in relation to the coffee industry, there are credit and foreign exchange risks that can be extremely damaging to your business. You need to also be aware of the country or market you are internationalising with as there could be potential political risks associated with them, for example there are different trading rules in south Africa compared to Europe. Cultural risks can be an issue for many companies who are internationalising but luckily coffee is such a worldwide commodity SME wouldn't have to worry about that. Shipping is also a big risk for all companies in Ireland, since we are an island nearly all exports go through ports.

8. What are the factors that are stopping Irish SMEs from going global

A. There are many factors that can stop an Irish SME from going global. I guess the most obvious one would be a lack of resources. Ireland being such a small country our economy is a lot smaller in comparison to other EU countries. So funding and can be quite difficult at times. However there is a lot of help provided by the likes of Enterprise Ireland and

Microfinance that can help fund the start up or plans to go global. Getting enough capital together is definitely the hardest challenge for an Irish SME going global.

Another factor would have to be inexperience, many managers in SME's would have little to no experience in internationalising so it can be a daunting challenge. I feel that can set a lot of SME's back and they tend to put it off for as long as possible.

Another factor that is stopping Irish SMEs from going global is the difficulties that internationalising brings. It can be extremely time consuming as it involves many different stages. SME may not have the resources or staff to cope with all the different stages and would be put off by this challenge.

9. If you were to internationalise what strategies would you put in place?

A. This is always a tough question and I get asked it all the time. It really depends on the type of company and what they really want from internationalising. Like some companies want to go big and get to as many new markets as possible but others want to start small by exporting to another country.

So it really does all depend, for SMEs in the coffee industry I would probably advise on starting small. Choose an export mode, it could be direct or indirect depending on how much you are willing to spend. I think direct export is a great way to get started as you are still directly involved in the process.

There are other options of course like having a licensing strategy or franchising but they do require a lot of capital which can be hard for Irish SME especially since the coffee industry is so popular it would be hard to have a brand strong enough to compete in foreign markets.

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