

The Dynamism of Manufacturing SMEs in the North-Atlantic Islands: A Case Study*

André Joyal and Laurent Deshaies
Institut de recherche sur les PME
Université du Québec à Trois-Rivières
Trois-Rivières, PQ G9A 5H7

Sean McCarthy**
Formerly with the Department of Industry, Trade and Rural Development
St-John's, NF

Research into industrial districts has enabled attention to be redirected towards the Marshallian externalities relating to the economies of conglomeration generated by the concentration of businesses on the same site and in the same sector (Beccatini 1992). These economies of conglomeration are in fact the set of benefits obtained by businesses grouped together in a city area, regardless of sector (Tellier 1993; Polèse 1994). Geographical proximity helps reduce transaction costs for businesses, which are thus able to take advantage of what Perrin (1990) refers to as territorial synergy. Similarly, Proulx (1991) mentions the benefits of urban areas over rural areas, including concentrations of better financial, brokerage and transportation services and the existence of networks that facilitate contacts and provide information on market development. This same view is also taken by Gofette-Nagot and Schmitt (1998), who postulate that proximity permits interactions between physical and human resources, thus allowing businesses to cope better with national and international competition. Together, these various considerations give some idea of the handicaps or difficulties faced by businesses in rural and island environments outside the major cities.

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** Sean McCarthy is currently employed with the Canadian Manufacturers and Exporters, Newfoundland.

In recent years, the number of studies of rural businesses has grown considerably, suggesting, as we have already shown (Joyal and Deshaies 1998, 2000), that thanks to the contribution of new technologies, even businesses that are geographically isolated are able to function well. Davidson et al (1994) note that in Sweden, as far as proximity of markets and supply sources is concerned, the facilities available in local infrastructures and the availability of financial assistance are still important elements. However, like Nelson (1998), we believe we have shown that the absence of economies of conglomeration in rural environments is no longer an insurmountable obstacle. It was this observation that led us to compare the situation of SMEs (Small and Medium-sized Enterprises) in island environments and in rural or non-city environments, using a case study to see whether a specific form of dynamism actually exists. Development conditions in island environments are known to be similar to local development conditions. As Côté (1996, 1997, 2000) pointed out, in many such environments social players must learn to rely on their own means and organisational skills in order to meet their own needs.

At first glance, it is easy to identify similarities between small and medium-sized enterprises with island locations and those in rural communities. Both are situated at a distance from major decision-making centres and information centres. Their remote locations provide an additional challenge, since they are unable to take advantage of the territorial synergic effects available to city businesses, and there is no local dynamic likely to create an impetus. According to Falcone et al (1996), the greatest obstacle facing rural entrepreneurs is their relative isolation. It is easy to understand why -- they simply cannot count on the same support and assistance as their counterparts in cities or more densely populated areas.

The goal of this paper is to see whether the characteristics of rural SMEs also apply to island SMEs. We begin by presenting their characteristics against the background situation, and go on to identify some research guidelines. We then describe the survey methodology, the challenges and dynamism of the SMEs studied for the research, and the factors underlying their entrepreneurial vitality.

The Background Situation

According to Illouz-Winiki and Paillard (1998), a rural area is an environment in which the population is scattered in small towns or villages over a relatively large area that is sometimes, but not always, less developed economically than the other regions of a given country. Rural areas are also distinguished by the presence of primary activities in the natural resource sector, such as farms, outdoor leisure activities, sandpits and gravel quarries, agro-tourism firms and so on. The population studied for this research was composed of manufacturing businesses in rural areas of the type that can also usually be found in medium-

sized and smaller towns. This gives rise to certain considerations for venture creation. For example, industrial sector growth in rural areas appears to be generated more by firms that have been in existence for a certain period of time than by new ventures. Turbulence, i.e. the creation and closing down of businesses, appears to be less marked than in towns or cities. The reasons for this include a higher continuity rate due to existing business recoveries, less intense local competition, a greater determination to overcome difficulties, and less competition for the available capital supply. Bertrand (1996) and Henry and Drabsentott (1996) associate rural businesses with low value-added primary processing in the agro-food, wood, furniture and simple mechanics sectors, and a poorly qualified, low paid workforce. Popovich and Buss (1989), for their part, associate rural businesses with the service and retail trade sectors. There is evidence to suggest that these same characteristics may also apply to island firms. But what about SMEs with less emphasis on raw materials, and with a poorly qualified, low-paid workforce?

This research examines the extent to which isolation is actually a handicap for the island firms studied, and how they manage, by various means, to overcome it. Of importance here are the contacts that companies must maintain within information networks able to provide them with vital information on supplies, technology, government programs, strategic analyses, market opportunities, and so on. Are island firms, like their rural counterparts, handicapped by inadequate communication facilities, support services and human resources (OECD 1998)? Also important are the contacts between island firms and the players likely to serve as their sources of information, despite their relative isolation. This allows us to draw comparisons with the findings of previous research on SMEs in non-city locations (Joyal and Deshaies 1996). We believe this allows us to verify the relevance of Donnely's (1998) observations, drawn from research carried out in a rural area of central Alberta, that major changes in communication methods have allowed high value-added business owners to locate their businesses wherever they like, without really being cut off from the city environment. This was confirmed by Malecki (1994), who postulated that small business success is not always due to high population density.

After studying the consequences of isolation, we examine the elements likely to develop the dynamism or innovative nature of island firms, and compare the findings with the results of prior research carried out on a sample of SMEs located in central Quebec, where the success factors of the most dynamic firms were related to elements connected with the firm itself (its competitive advantages), its immediate environment and the behaviour of its managers (Joyal and Deshaies 1998).

Methodology

Choice of Island Businesses for the Research

The 52 island businesses that made up the sample were selected using information obtained from economic development officers, considered here to be key informers. The officers were told that the researchers wanted to study manufacturing SMEs in sectors similar to those covered by the rural SMEs studied in the central region of Quebec, as far as possible in similar proportions. The businesses needed to have existed for a certain number of years and not be threatened with closure in the near future. They were located on one of four North Atlantic islands, namely Newfoundland, Prince Edward Island, the Isle of Man and Iceland. The goal was to select firms with less than 200 employees, that had existed for a minimum of five years and that operated in the manufacturing sector. The firms also had to be non-resource-based, i.e. not directly related to sectors such as mining, forests or fishing. This enabled us to exclude firms whose location (as often used to be the case in outlying regions) was selected because of the proximity of particular natural resources. In fact, our aim was to study what Malecki (1994) described as complex manufacturers, referring to firms generating high added value. This choice was justified by our wish to understand the situation of the firms and to compare them with similar firms located in a different, non-city environment that also had to deal with the demands of market globalisation. We deliberately selected businesses whose activities bore no relation to the traditional comparative advantages of peripheral regions in order to examine the situation of firms whose competitors were located in city areas. Our ultimate purpose was to see whether it was appropriate to be optimistic or pessimistic about the situation of firms that are increasingly required to come to terms with a world in which information is becoming a dominant production factor.

An interview was carried out in each of the selected firms by a researcher using an interview plan composed of both open and closed questions. Emphasis was placed on competitive advantages, past and present challenges, the importance of new technologies, the role and nature of information networks or sources, and marketing strategies. This was carried out in order to help us understand the position of the firms with regard to the more open market context, by highlighting any success factors and drawing the appropriate conclusions. In addition to closed questions on the characteristics of the firms (year created, number of employees, development of turnover, past and future investments, location of markets), a series of open questions addressed elements such as information networks, equipment, reasons for the choice of location, past and present challenges, types of behaviour (retroactive and proactive) towards research and development, technology, staff training, the search for new markets and the competitive strategies used.

The sample was composed of businesses selected in a non-probabilistic way.

TABLE 1 SME Activity Sectors and Locations

Activity Sectors	Nfd.	P.E.I.	I. of M.	Iceland	Total
Medical	0	3	1	0	4
Mech/Electrical	2	0	3	1	6
Textiles	2	1	4	3	10
Wood/Soil	3	1	1	0	5
Plastic	2	2	2	2	8
Food	5	2	0	1	8
Others	4	1	2	4	11
Total	18	10	13	11	52

The goal was to identify more or less the same number of units per island, to form a quota-based sample. However, a higher response rate was obtained for Newfoundland. Statistical processing involved the usual univariate statistical tests. Variance analysis (Kruskal-Wallis) was used to determine the links between the independent variables and the dependent business dynamism variable wherever the variable values were suitable (Table 7, for example).

Newfoundland, the largest population of the four islands studied (500,000 inhabitants) has the highest number of businesses, i.e. 18 of the sample firms. The three other islands (Prince Edward Island, the Isle of Man and Iceland) each contributed a similar number of firms. The mechanical/electrical products and textiles sectors were the best represented, confirming the non-resource-based aspect of the sample (Table 1).

Description of the Sample

As Table 2 shows, the average age of the firms located on Prince Edward Island, the Isle of Man and Iceland (respectively 20, 27 and 36 years) probably explains why their size in terms of number of employees and turnover was also higher than that of their Newfoundland counterparts. Distribution by sector was fairly similar on all the islands, except for the plastics and medical products sectors. The firms from Newfoundland and Iceland had developed mainly regional markets, while those from Prince Edward Island and the Isle of Man had more success on national and international markets.

The 71.9% regional sales figure for the Iceland firms suggests that respondents may have confused the terms “regional” and “national”. The reverse is true for the Isle of Man, whose very small size (75,000 inhabitants) makes it difficult to distinguish between the regional and national levels. The surprise here is probably the high percentage of international sales by Prince Edward Island firms.

TABLE 2 Description of the Sample

	Newfoundland (n = 18)	P.E.I. (n = 10)	Isle of Man (n = 13)	Iceland (n = 11)
Average age (years)	7.9	20.2	27.5	36.3
Average number of employees (Median)	19 (13)	55 (37)	58 (26)	76 (40)
Average turnover (Median) (in \$ millions)	2.2 (1.2)	7.6 (6.0)	7.9 (2.9)	11.1 (6.5)
Average percentage of sales				
- local	6.6	0.5	0.0	0.0
- regional	47.0	26.2	0.5	71.9
- national	28.9	31.5	68.7	0.0
- international	17.3	41.8	28.8	28.1

The Challenges Facing SMEs

The Importance of Choice of Location

Since it was important for the purposes of the research that the choice of location should not have been dependent on the presence of raw materials, respondents were asked about their main reasons for selecting a specific location when creating their firms. Table 3 shows that, for 25 of the 52 respondents (48 %), the location was selected because the CEO was a long-term resident of the region in question. This result is consistent with the findings of a study of SMEs in Quebec (Joyal and Deshaies 1998), which showed that in most cases, the founding entrepreneurs of rural businesses came from the areas in which the businesses were located.

The other elements that influenced the choice of location were market conditions (33 %), followed by assistance and support (31 %). Proximity of inputs was mentioned by only 13.4 % of respondents. In other words, based on place of residence, lifestyle, labour supply and input proximity, the location selected had more benefits than disadvantages for the SMEs in question (49/89, or 55 %). This also goes to show that the firms are perhaps not as isolated as might be thought.

Challenges Relating to Start-up and Growth

The types of challenges facing the island SMEs also illustrate their dynamism. Table 4 lists the challenges facing the firms at start-up and at the time of the research. Transportation costs were not a major concern at either point. Financial support was the second most important concern at start-up, but was a current concern for only five of the 52 firms at the time of the interview. Similarly, human resources were no longer a concern, as they had been in the past. Growth

management was ranked first by respondents as a current concern (28.8 %), along with competition (28.8 %), closely followed by workforce training (19.2

TABLE 3 Reasons for Choice of Location

	Frequency	%
Long term resident	25/52	48.0
Strategic location	17/52	32.6
Assistance/support	16/52	30.7
Lifestyle	11/52	21.1
Close to inputs	7/52	13.4
Other financial reasons	6/52	11.5
Labour supply	6/52	11.5
Other	1/52	1.9

Table 4 Challenges Facing Island SMEs at Start-Up and at the Time of the Research

Start-up	Frequency	%
Penetrating the local market	22/52	42.3
Obtaining financing	17/52	32.6
Obtaining manpower	10/52	19.2
Obtaining equipment	6/52	11.5
Transportation	6/52	11.5
Cost control	5/52	9.6
Market knowledge	2/52	3.8
Others	10/52	19.2
Current	Frequency	%
Growth management	15/52	28.8
Competition	15/52	28.8
Securing HR	10/52	19.2
Maintaining quality	9/52	17.3
Obtaining manpower	8/52	15.3
Transportation	7/52	13.4
Financing	5/52	9.6
Information	4/52	7.6
Low productivity	3/52	5.7
Others	4/52	7.6

%). Market penetration was clearly the most important concern at start-up, but by the time of the research it had been replaced by growth, quality, competition and workforce (training and availability).

In short, the SMEs studied were affected less by their physical or geographical isolation than might be expected. Indeed, their post start-up problems were identical to those of any other firm located at some distance from major cities.

The Dynamism of SMEs

Description of Dynamism

The location and challenge factors were used to observe the evolutionary context and were considered in measuring the dynamism of the sample SMEs. However, to obtain a better measure of dynamism, we built a multi-dimensional index to highlight the factors underlying that dynamism. We wanted our indicators to be different from those usually found in the business performance literature (Cooper and Gascon 1992; MacMahon Davis 1994; McDougal and Daouza 1992), which tend to relate to growth rates (e.g. number of employees, turnover, profit per employee). In our study, we emphasized the behaviour of the firms in relation to their current and future challenges, and tried to identify those that offered the best guarantees of success in a turbulent world.

The survey contained two types of questions that were used to build a seven-factor index. The first type concerned the proactivity of the firm's behaviour towards new products (1), new technologies (2), employee training (3) and new markets (4). The second type was intended to assess management's capacity for change in the area of products (5), available technology (6) and human resources needs (7). By plotting the answers to these two types of questions for each of the seven items measured on a five-point Likert scale, an indicator of between 7 and 35 was obtained. Three categories of firms were established by means of a frequency analysis: less dynamic firms (an indicator of under 22), moderately dynamic firms (an indicator of 22 to 27) and more dynamic firms (an indicator of 28 or over) (Table 5). The value deviations for the indicator were used to form three groups (the desired number, given the small size of the sample). Where a certain deviation between two values in the ordinate series is significant, this means that, in reality, there is a greater distance or a clear distinction between the firms or groups of firms. The deviation can thus be used as a classification boundary and hence to establish categories or groups of firms.

Table 5 shows that the dynamic firms were younger on average than the less dynamic firms, and that the less dynamic firms were larger in terms of both size and turnover. The more dynamic firms had a higher level of international activity than the others (37.3 % for the most dynamic, compared with 11.6 % for the least dynamic). They also anticipated the decisions of their competitors, which had a positive impact on their performance, as shown by Smith et al (1991). However, the moderately dynamic firms had the highest average turnover (\$9 million). The least dynamic firms operated in more traditional sectors, such as textiles, wood and agro-food, while the most dynamic operated in the medical

and mechanical/electrical sectors. Overall, the most important elements were the young age of the most dynamic firms, their smaller size, their more extensive

TABLE 5 SME Dynamism According to Some General Variables

	Less dynamic firms <i>n</i> = 16	Moderately dy- namic firms <i>n</i> = 20	Highly dynamic firms <i>n</i> = 16	For all SMEs <i>n</i> = 52
Average age	19.6	27.5	14.8	21.1
Average # of employees	22.0	75.1	39.3	47.7
Average hourly wage	\$11.22	\$12.20	\$11.11	\$11.54
Average turnover	\$3,446,000	\$9,090,625	\$6,642,500	\$6,832,105
Average % of sales				
- Local	3.1%	0.20%	4.37%	2.41%
- Regional	48.62%	35.05%	28.43%	37.19%
- National	36.56%	33.30%	29.81%	33.23%
- International	11.68%	31.40%	37.37%	27.17%
Total	100.00%	100.00%	100.00%	100.00%
Industrial sector	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>
- Medical	0 (0.0%)	1 (5.0%)	3 (18.8%)	4 (7.7%)
- Plastics	2 (12.5%)	3 (15.0%)	1 (6.3%)	6 (11.5%)
- Mechanical/electrical	2 (12.5%)	4 (20.0%)	4 (25.0%)	10 (19.2%)
- Textiles	3 (18.8%)	4 (20.0%)	1 (6.3%)	8 (15.4%)
- Wood/Soil	2 (12.5%)	2 (10.0%)	1 (6.3%)	5 (9.60%)
- Food	2 (12.5%)	4 (20.0%)	2 (12.5%)	8 (15.4%)
- Other	5 (31.3%)	2 (10.0%)	4 (25.0%)	11 (21.2%)
Total	16 (100%)	20 (100%)	16 (100%)	52 (100%)
Location	<i>n</i>	<i>n</i>	<i>n</i>	<i>n</i>
- Newfoundland	6 (33.3%)	5 (27.8%)	7 (38.9%)	18 (100%)
- Prince Edward Island	3 (30.0%)	3 (30.0%)	4 (40.0%)	10 (100%)
- Isle of Man	4 (30.8%)	6 (46.2%)	3 (23.1%)	13 (100%)
- Iceland	3 (27.3%)	6 (54.5%)	2 (18.2%)	11 (100%)
Total	16 (30.8%)	20 (38.5%)	16 (30.8%)	52 (100%)

international involvement and their less traditional activities. While these general variables were interesting as a means of comparing SME dynamism, a more in-depth analysis was required to establish certain other factors. The percentage of less dynamic firms was fairly similar on all four islands (at around 30 %), but Newfoundland and Prince Edward Island had the most dynamic firms overall.

Respondents' Perceptions of Success Factors

Table 6 shows the main success factors identified by respondents in each category. In the two more dynamic categories, product quality and the innovative nature of the product appear to be important elements of success. Marketing strategies were also important for the most dynamic firms, which is consistent with the results of a previous study, in which such firms were classified as

“professional exporters” (Joyal and Deshaies 1997).

It is interesting to note that, unlike the other two success factors, the skills of administrative employees (skills of key people) were not particularly important

TABLE 6 Business Success Factors as Perceived by Respondents

	Less dynamic firms <i>n</i> = 16		Moderately dynamic firms <i>n</i> = 20		Highly dynamic firms <i>n</i> = 16	
	<i>n</i>	% ¹	<i>n</i>	% ¹	<i>n</i>	% ¹
	Product innovation	4	25.0	11	55.0	8
Product quality	6	37.5	14	70.0	10	65.5
Low production costs	5	31.2	3	15.0	1	6.2
Manpower quality	5	12.5	5	25.0	4	25.0
Skills of key people	7	43.7	10	50.0	3	18.7
Access to information	3	18.7	7	35.0	1	6.2
Marketing strategies	4	25.0	5	25.0	8	50.0
Government assistance	2	12.5	2	5.0	3	18.7
Others	3	18.7	4	20.0	3	18.7

Note: 1. As a percentage of the total number of firms

(18.7 %) for the most dynamic firms. This was also the case for government programs (18.7 %), a finding that confirms the observations of Burpitt et al (1998), who pointed out the paradox of export incentives. While government programs can encourage exports, they can also act as obstacles due to their complexity, their demands and their cumbersome procedural requirements. The programs are often received unenthusiastically by businesses, and turn out to be unsuitable for beginners as well as seasoned exporters. This point is also corroborated in a study by Léonidou (1995) involving more than 500 small business owner-managers, mostly exporters. Table 6 shows, overall, that the less dynamic firms tend to be oriented more towards production (product and manpower) than highly dynamic firms, which are oriented instead towards marketing, innovation and product quality.

Information-Seeking Behaviours of Managers

Firms need information to function well. However, very little work has so far been undertaken to understand precisely how the information networks impact upon decisions concerning internationalisation. Indeed, very little is known about the sources of information used by firms, and lack of information about international markets is clearly one of the main obstacles to the development of international activities (Johanson and Vallhne 1993; Caffetrata and Mensi 1995). However, as Julien and Toulouse (1998) pointed out, the rapid spread of technology

has generated a flood of research that lists and appraises the use of electronic information sources and computerised databases. As regards non-electronic sources, it is possible to identify three types of information often used by export businesses. The first type is composed of sources related to the institutional

TABLE 7 The Use of Outside Information Sources¹

	Less dynamic firms <i>n</i> = 16	Modera tely dynamic firms <i>n</i> = 20	Highly dyn amic firms <i>n</i> = 16	Analysis of vari- ance (Kruskal-Wallis) <i>p</i>
Government agencies	2.06	2.40	3.20	.0366
Socio-economic organisations	2.66	2.25	3.14	.1842
Publications	2.66	3.00	4.06	.0090
Customers	3.64	3.65	4.33	.1370
Business associations	3.20	2.60	3.00	.4471
Other firms	3.41	2.75	3.76	.1636
National & international trade fairs	2.37	3.05	3.37	.0701

Note: 1. For trade fairs, the information is on the following scale: rarely 1 2 3 4 5 always.

environment, such as the socio-economic agencies (chambers of trade, economic development corporations) and government services available in the immediate environment. The second type comprises sources related to the sector environment, including local players (other businesses), business magazines and journals, and professional associations. The third and final type includes sources related to the operating environment, with international trade fairs being the most common.

Our study (Joyal and Deshaies 1996) of a sample of small exporting businesses in a non-city environment showed that the owner-managers obtained their information from sources outside their business location. This behaviour is consistent to some extent with that exhibited by the island firms in our current sample, as Table 7 shows. Clearly, government agencies and socio-economic associations were less important for most of the firms, although the most dynamic appeared to make more use of this source. On the other hand, customers, especially for the most dynamic firms, were a significant source of information. Naturally, in most cases the customers were located outside the island environment. This situation confirms the view that the intensity of inter-firm relations is often more important than an environment containing a large number of financial institutions, customers and suppliers (Malecki 1994).

The only difference between the three categories of firms was their use of government agencies and publications. The most dynamic firms were more proactive in their search for information from these two sources. As regards the use of other sources, such as customers, business associations, other firms and

even trade fairs (although the threshold is higher in the latter case), there was no significant difference between the three categories. All these findings relate, of course, to non-electronic information. However, as the OECD (1998) has pointed out, new information and communication technologies can play a major role in the development of rural businesses. Indeed, the Internet offers new opportunities for marketing and provides access to information on new products and technologies. The above comment should therefore apply equally well to island businesses, since they too can overcome their isolation and reduce the cost of obtaining information by using new technology.

The proactive nature of the highly dynamic firms is clear when it comes to networking. More than 31 % of the least dynamic firms said they were not in a network, compared with just 19 % of the most dynamic firms. For those that were in a network, the least dynamic firms tended to belong to informal circuits, while the most dynamic tended to form strategic alliances (Table 8).

Technology is also a very important success factor for SMEs using new tools in all their operations. Table 9 shows that, of the 52 firms making up the sample, only three used no technology at all. Nearly 44 % of the least dynamic firms used technology for basic administrative tasks only, and none used it for all their operations. There is a striking difference between the moderately dynamic and highly dynamic categories in their use of technology. This result contradicts Rosenfelt's statement to the effect that SMEs outside major urban centres lag behind their urban counterparts in the use of leading-edge technology. On the contrary, our findings revealed the existence of what we have previously described as "world class SMEs" (Joyal and Deshaies 1997, 1998). These are firms whose product, equipment and strategy initiatives allow them to face the demands of market globalization more successfully.

Conclusion

Contrary to the claims of some scientific publications, island SMEs, like their rural counterparts, can be innovative and dynamic in all sectors of activity. Isolation and distance do not appear to be insurmountable obstacles. Market penetration was a major challenge in the early days of their development, but was gradually replaced by other concerns very similar to those experienced by all SMEs, such as competition, quality, growth and workforce training. After overcoming the problems related to their geographical location, island SMEs are able to succeed by emphasizing winning conditions such as the quality and originality of their products, the search for new information, strategic alliances, and firm-wide technology integration. It is as a result of all these initiatives that island SMEs, like rural SMEs in Québec, are able to become world-class firms.

World-class firms position themselves not only to take advantage of the opportunities available on foreign markets, but also to face up to foreign competition on domestic markets. Some authors have described such firms as "global"

firms when they reach the ultimate stage of internationalisation. For example, Torres (1999) presumes that the higher the export, import and direct foreign investment rates, the closer the firm is to its global form. Torres defines global SMEs as having world markets. They favour electronic trade for marketing, using all forms of information and communication technologies. The globalisation strategy is the last phase of business internationalisation. At this point, all the

TABLE 8 The Use of Networking

	Least dynamic firms N = 16		Moderately dynamic firms N = 20		Most dynamic firms N = 16	
	n	% ¹	n	% ¹	n	% ¹
Member of a network	1	6.8	6	80.0	13	81.3
Informal	6	37.5	7	35.0	5	31.2
Supplier/distributors	5	31.2	5	25.0	3	18.7
Strategic alliances	5	31.2	7	35.0	7	43.7

Note: 1. As a percentage of the total number of firms.

TABLE 9 The Use of New Technologies

	Least dynamic firms n = 16		Moderately dynamic firms n = 20		Highly dynamic firms n = 16	
	n	% ¹	n	% ¹	n	% ¹
No use	2	12.5	0	0	1	6.3
Moderate use	3	18.8	7	35.0	6	37.5
Fully integrated	0	0	4	20.0	6	37.5
Office use only	7	43.8	3	15.0	2	12.5
Manag. and marketing	4	25.0	6	30.0	1	6.3

Note: 1. As a percentage of the total number of firms.

business's activities and goals are global in nature (Fourcade and Marchesnay 1997). Most of the island firms in our sample had not yet reached this stage, but there was sufficient evidence for us to be optimistic about their chances of taking up the challenge of globalisation and braving competition from abroad, mainly due to their ability to sell high value-added products outside their islands.

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