6. INTERNATIONALIZATION OF ESTONIAN LISTED COMPANIES: THEORIES AND REALITY[1]

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Abstract

The paper studies the internationalization of all listed Estonian companies, examining to what extent it has accorded with main internationalization theories. An overview is given of several theoretical approaches, including international entrepreneurship literature, the Uppsala, the innovation-related internationalization and the Finnish models and the network approach to internationalization. The paper contains 13 cases: those of Baltika, Eesti Telekom, Hansabank Group[2], Harju Elekter, Kalev, Klementi, Merko Ehitus, Norma, Rakvere Lihakombinaat, Saku Õlletehas, Tallinna Farmaatsiatehas, Tallinna Kaubamaja and Viisnurk, and ends with managerial and research suggestions.

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[2] This firm was listed until June 2005, but it was included as it had been a listed company since 1996.

Introduction

The research paths of international business and entrepreneurship[3] are intersecting with increasing frequency and cross-border business activity is of growing interest to entrepreneurship researchers (McDougall and Oviatt, 2000). Internationalization processes have been widely researched over the last four decades, whereas international entrepreneurship[4] issues became more popular only in the 1990s. In these two areas, many views about companies' increasing foreign involvement have emerged. Some of them have described internationalization as a sequential process, while others have stressed the importance of network relationships, foreign direct investments (FDI), managers' entrepreneurial behavior and several other aspects.

Despite the wide variety of concepts, there is still no holistic approach to internationalization. The need to understand the factors affecting the internationalization process is especially large in transition economies. In Estonia, foreign trade deficit is relatively high. The size of the country (a population of less than 1.4 million) means that in order to grow, enterprises have to internationalize fast. This is not easy, especially for recently established local companies, as they tend to lack resources, capabilities and contacts. For older firms, internationalization has also been relatively difficult: after the dissolution of the Soviet Union, most of them were forced to find new foreign buyers and suppliers as many former trade arrangements broke down.

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[3] A firm's **entrepreneurial orientation** is a combination of innovative, proactive, risk-seeking, autonomous and competitively aggressive behaviors: the active pursuit of business, product or process development opportunities within an established firm to improve organizational profitability (Birkinshaw, 1993; Lumpkin and Dess, 1996).

[4] International entrepreneurship can be defined as "the process of creatively discovering and exploiting opportunities, lying outside a firm's domestic markets, in the pursuit of competitive advantage" (Zahra and George, 2002).

This paper aims to study the internationalization of all 13 listed Estonian companies and examine whether their internationalization process has proceeded in accordance with the main theoretical approaches. The paper begins with a literature review after which the case study methodology is introduced and the case enterprises – Baltika, Eesti Telekom, Hansabank Group, Harju Elekter, Kalev, Klementi, Merko Ehitus, Norma, Rakvere Lihakombinaat, Saku Õlletehas, Tallinna Farmaatsiatehas, Tallinna Kaubamaja and Viisnurk – are described. The paper closes with the discussion of the results and some managerial and research suggestions.

Literature review

International entrepreneurship studies are mainly concerned with strategic alliances, corporate entrepreneurship, entrepreneur characteristics, motivations, exporting and other foreign market entry modes (McDougall and Oviatt, 2000) of both new – eight-year-old or younger – and established (Zahra *et al.*, 2002), small and large enterprises[5]. Internationalization is an example of an entrepreneurial action (Schumpeter, 1934). International entrepreneurial behavior may occur at the individual, group or organizational levels (McDougall *et al.*, 2000). Gaining access to global market information, having a global vision and building up international networks is an important part of the entrepreneurial process (Fletcher, 1999). With an entrepreneurial outlook, companies can significantly increase their success in foreign markets. Internationalization, in turn, can induce and promote entrepreneurship, for example, by reducing the managers' perceptions of risks,

[5] The initial emphasis of this research stream was on young and small firms that initiate and manage effectively internationalization ventures in their early life stages (Young *et al.*, 2003). Currently, most research is still done on this issue (Zahra and George, 2002).

encouraging innovation, and learning and providing them with necessary information (Zahra *et al.*, 2001).

In the early 1990s, interest in born globals has arisen and this subject has received considerable attention in the international entrepreneurship literature. It has been shown that although many companies are young and small, their markets are most volatile and they lack market experience (Oviatt and McDougall, 1994), they leapfrog into internationalization instead of gradually moving through the steps suggested by the stage theories (Knight and Cavusgil, 1996) examined below. These companies do not necessarily own foreign assets: this is not a requirement. Moreover, instead of establishing sales or production subsidiaries, they may arrange strategic alliances to use foreign resources such as manufacturing capacity or marketing (Oviatt *et al.*, 1994). A new term, "born-again global", has been created to refer to firms that have been well established in their domestic markets, with apparently no great motivation to internationalize, but which have suddenly become international. Mostly, this change has been caused by a critical incident: for example, a takeover by another enterprise, an acquisition of a company with international connections or the internationalization of a domestic client (Bell *et al.*, 2001).

A large body of international business research and some international entrepreneurship research have been based on the Uppsala (or U- or internationalization process) model. The authors state that companies usually enter new markets with successively greater psychic distance[6] and their market investments develop according to an establishment chain (Johanson and Vahlne, 1990). In other words, firms pass through a number of logical steps from no regular export activities to export via independent representatives or agents, overseas sales subsidiaries and production/manufactu-

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[6] Psychic distance – a combination of factors inhibiting or disturbing the flow of information between the firm and its market: language, culture, political systems, education and industrial development levels (Johanson *et al.*, 1990).

ring units (Johanson and Wiedersheim-Paul, 1975). There are three exceptions to the model (Johanson *et al.*, 1990):

1) Large or resourceful enterprises can more easily internationalize;
2) In stable market conditions, relevant market knowledge can be obtained in other ways than through experience;
3) When a company has considerable experience in similar markets, it may use it in a specific country.

Innovation-related internationalization (or I-) models (their authors are also quite frequently cited in international business and international entrepreneurship literature) focus on the learning sequence connected with innovation adoption. They derive from the following stages: awareness, interest, evaluation, trial and adoption (Rogers, 1962). From the I-models, it can be concluded that firms' export development process can be broadly divided into three phases (Leonidou and Katsikeas, 1996):

1) The pre-engagement phase (including companies selling their goods solely on the domestic market and not being interested in exporting, those involved in the home market but seriously considering exporting, and those that used to export in the past but no longer do so);
2) The initial phase (enterprises export sporadically and consider various options, including increasing and decreasing their overseas involvement or withdrawal from selling abroad);
3) The advanced phase (firms are regular exporters with extensive overseas experience and frequently consider more committed forms of international business).

The models have also demonstrated that some forces may influence foreign-owned firms' internationalization more than that of their domestic counterparts. For example, the initial decision to start exporting could be taken in the headquarters as a result of a global marketing decision and sales might be organized through their network (Wiedersheim-Paul *et al.*, 1978).

The Finnish model (some authors classify it as a specific form of I-models) suggests that firms can speed up their internationalization by leapfrogging some stages (Chetty, 1999). It also claims that inward internationalization might precede and influence the development of outward activities and vice versa (Korhonen, 1999). For instance, many companies have their first international contacts as potential customers of foreign enterprises. Through them, they may acquire foreign market knowledge as well as reduce risk, uncertainty and the time required to establish new international operations (Karlsen *et al.*, 2003). This may afterwards result in an outward selling or investment move (Luostarinen and Welch, 1997). The Finnish model also shows that a firm does not inevitably have to move to the last step of development: the reverse of the process, or de-internationalization, may occur at any of the stages. This process may be followed again by re-internationalization (Luostarinen, 1994).

The network approach to internationalization has partly grown out of the U-model. It stresses the actual process of market entry and becoming a player in the network (Salmi, 2000). From this point of view, an enterprise's internationalization means establishing and developing business relationships in networks in other countries (Johanson and Mattson, 1988). A firm's physical assets can be mostly located domestically but it may still have an important role in an international network (Björkman and Forsgren, 2000). It can also gain access to other enterprises' knowledge without necessarily going through the same experiences (Eriksson *et al.*, 1998). Thus, a typical internationalization sequence has changed from gradual expansion ("prescribed" by the U- and I-models) to the one in leaps by joining the nets (Hertz, 1996). On the other hand, relationships cannot only drive and facilitate, but also inhibit a firm's internationalization (Ford, 1998).

Numerous authors have studied one particular form of inter-organizational networks: multinational corporations (MNCs) in which subsidiaries have multiple connections with other entities

both inside and outside the corporation's formal boundaries (Birkinshaw, 1997). It has been shown that over time subsidiaries accumulate valuable resources and capabilities through their network relationships, which leads to an increased status and thus to an extension of the scope of their activities (Birkinshaw and Hood, 1997; Hedlund, 1986). Many subsidiaries are able to develop great managerial expertise. They have a competitive market position, a high value-added, autonomy and influence on the MNC. While earlier the parent company had to integrate subsidiary competencies (Prahalad and Doz, 1987), more recently it has been recognized that the subsidiary's role in advertising its strengths (corporate entrepreneurship) may be even more important (Birkinshaw, 1997).

Substantial research has also been done into the relationships between FDI and host country exports. Several authors have shown that foreign subsidiaries usually export more than locally owned firms. This is caused by two reasons (Blomström, 1990; Dunning, 1994; Lauter and Rehman, 1999):

1) Subsidiaries have better business contacts abroad, higher management and marketing skills, superior technology, greater general know-how and the right to use their parents' brand names;
2) The owners can help them to set up a distribution network, follow industrial norms, safety standards and consumer tastes; deal with product design, packaging, distribution, servicing and shaping a new product image.

From the above, the following conclusions can be drawn, which will be more closely discussed in the following sections.

1) The firms lacking (their foreign owners') network relationships start their internationalization from nearby countries and simpler market operation modes. Afterwards, they may progress to more distant markets and more demanding modes. Other companies may skip some stages and internationalize faster.

2) During their internationalization process, firms may de- and re-internationalize.
3) The companies linked to a (foreign owner's) network may considerably quicken their internationalization as they can obtain the necessary resources, develop their capabilities and gain market access. Still, network relationships can sometimes inhibit the internationalization process.
4) The course of a firm's internationalization process can depend on its role in the foreign owner's network. Some foreign-owned firms may achieve higher value-added activities, exceptional managerial expertise and autonomy inside the foreign owner's network and, as a result, successful internationalization.

Methodology

To examine the conclusions drawn above, case study methodology was chosen which has been an essential form of research in social sciences and management (Chetty, 1996). By combining previously developed theories with new empirically derived insights (Yin, 1994), it is especially appropriate in new topic areas as it can transcend the local boundaries of the investigated cases, capture new layers of reality and result in developing novel, testable and empirically valid theoretical and practical insights (Eisenhardt, 1989; Voss *et al*., 2002).

In this paper, the multiple case study approach was used. This may reduce the depth of study, but it can both augment external validity and help guard against observer bias (Voss *et al*., 2002). In the multiple-case approach there is no ideal number of cases. With only a couple of cases, it is difficult to generate a theory, and with a large number cases, it is difficult to cope with the volume of data (Eisenhardt, 1989). This paper is based on 13 cases, i.e. the full sample of Estonian listed companies at the moment on February 28th, 2006, and the case of Hansabank that had been a

listed company until the end of June, 2005: for almost 10 years. To increase the validity and reliability in studying these firms' internationalization, several sources were used. They included some previous interview material (for more information, see Vissak, 2003), newspapers, the firms' homepages and annual reports.

Case study evidence

Some basic data about the 13 case companies are presented in Appendix 1. It can be easily seen that these firms differ greatly from one another. Their year of foundation varies between 1809 (Kalev) and 1992 (Hansabank Group), turnovers/revenues range from 4.8 (Tallinna Farmaatsiatehas) to 360.2 (Hansabank Group) and assets vary from 4.0 (Tallinna Farmaatsiatehas) to 7622.9 million EUR (Hansabank Group) and their number of employees is between 72 (Tallinna Farmaatsiatehas) and 6855 (Hansabank Group). Their main areas of operation also differ (except in the case of Baltika and Klementi that both produce and sell women's clothes). Moreover, some of the companies do not have major foreign shareholders (Baltika, Harju Elekter, Kalev, Klementi, Merko Ehitus, Tallink Grupp, Tallinna Kaubamaja and Viisnurk), while others do: they are respectively from Sweden (in the case of Eesti Telekom, Hansabank Group, Norma and Saku Õlletehas), Finland (Rakvere Lihakombinaat), Latvia (Tallinna Farmaatsiatehas), the Czech Republic (Starman) and the United Kingdom (Tallinna Vesi). As a result, it is not surprising that the case firms have not internationalized in similar ways.

The companies' export share/revenue from abroad varies between about zero (Eesti Telekom, Starman) and 99.8% (Tallinna Farmaatsiatehas), the number of (main) export markets is between one (Tallinna Farmaatsiatehas, if to exclude the countries to which its owner's sales department in Latvia sells its production: Belarus, Georgia, Russia, Kazakhstan, Ukraine, Moldova, Armenia, Lithuania, Poland and Hungary) and about 20 (Viisnurk), and

the number of the countries where the firm has foreign subsidiaries varies from zero (Eesti Telekom, Saku Õlletehas, Starman, Tallinna Farmaatsiatehas, Tallinna Kaubamaja) to seven (Baltika; moreover, in some of these countries, this firm has several shops). Their internationalization geography is also dissimilar: most of the companies export to (or have established subsidiaries on) their nearest markets, such as the Baltic states, Scandinavia and Russia, as the U- and I-models and the Finnish model "prescribe", while some more distant countries, e.g. the USA, Canada, Kazakhstan and Japan, are also present in some cases (namely, Harju Elekter, Norma, Kalev, Saku Õlletehas and Viisnurk), although these firms have not entered all the nearest countries as the models would have predicted.

Moreover, due to the fact that service companies do not export similarly to those providing physical products, some of the case firms (Eesti Telekom, Hansabank Group, Tallink Grupp and Tallinna Kaubamaja) started their internationalization from foreign subsidiaries (Eesti Telekom and Tallinna Kaubamaja decided to sell them later), which also deviates from the process described by the U-, I- and the Finnish model.

Furthermore, some case companies have established subsidiaries outside the EU: for example, Viisnurk in Switzerland, Kalev in the USA, Tallink on the Bahamas and Cyprus (the latter has registered its ships there, so it cannot be considered a classical case of internationalization). Yet none of the companies could be called "born global", as 14 of them are active only on one or two continents. Saku Õlletehas has exported to Japan and the USA (thus being active on three continents), but its exports to these markets started over 170 years after its foundation (the firm's predecessor was founded in 1820). Viisnurk also exports to three continents (Canada and Kazakhstan are among its many export markets), but this firm has been active since 1945. Hence these two companies have some characteristics of "born-again globals", not born globals: they have not internationalized as fast as this

theory would have predicted. Moreover, a typical “born global” company is supposed to be smaller.

The case firms have also had different re- and de-internationalization experiences. For example, the older companies (Baltika, Eesti Telekom, Harju Elekter, Kalev, Klementi, Rakvere Lihakombinaat, Saku Õlletehas, Tallinna Farmaatsiatehas and Viisnurk) either had to pull back from or decrease the share of several markets after the Soviet Union dissolved (Norma managed to retain its main customer in Russia but the share of this market has decreased considerably in the firm’s export structure), Klementi had, in addition to that, to deal with its foreign owner’s (PTA Group’s) bankruptcy that considerably affected its (international) development and Viisnurk decided to sell some of its formerly successful divisions, while some firms have had some de-internationalization experience on only a couple of markets (like, for instance, Eesti Telekom that sold its subsidiaries in Latvia and Lithuania, and also Hansabank, but the latter re-entered Russia later).

There seems to be no clear positive relationship between the share of foreign ownership and the share of exports/the number of foreign subsidiaries that the case companies have. For example, Baltika has a relatively large export share (74.5%) and the largest number of subsidiaries (over 60 shops in 5 foreign countries), but its largest foreign shareholder – SEB AB Clients from Sweden – only has a 10.2 percent share. Tallinna Farmaatsiatehas, in turn, exports only to Latvia (99.8% of its turnover) and has no foreign subsidiaries, although 95% of its shares belong to a Latvian company, Grindeks. Eesti Telekom, also majority-foreign-owned, currently earns none of its revenue from abroad (before it sold its subsidiaries, the share of foreign revenue was 7.9%). Kalev, on the other hand, mostly belongs to Estonian investors, but has managed to establish a subsidiary in the USA and export to several markets, including those outside the Baltic States and Scandinavia.

However, this does not mean that foreign ownership and network relationships do not matter. For instance, Baltika has created close relationships with several retailers both in Estonia and abroad. The managers acknowledge that their former largest shareholder BRF (registered in Guernsey) invested into the firm and supported its development in many ways. Hansabank has also benefited from several long-term relationships with companies both in- and outside the corporation. From Swedbank, it has acquired knowledge and assistance in internal audit and risk management as well as improved its image and credit ratings (see also Vissak, 2003). Norma has likewise gained from its relationship with Autoliv, its major shareholder from Sweden: it has acquired access to new technology, improved its production quality and timeliness of supply, and is now able to provide new security systems for several car models, not only those of Avtovaz, its largest Russian customer. Its engineers have been included in Autoliv's R&D team. Moreover, the increased integration into Autoliv's production and marketing network has helped Norma to increase its exports to some Western countries, such as Sweden, Germany, France, the Ukraine and the USA. Thus, in some cases, firms linked to a (foreign owner's) network may internationalize fast.

There is also some evidence of the impact of a firm's autonomy in its foreign owner's network on its internationalization process. For instance, both Baltika and Hansabank have declared themselves to be relatively autonomous (Swedbank assured that Hansabank's relative autonomy would not be reduced even after it obtained 100% of it on June 30th 2005), but both have internationalized successfully. Moreover, both firms have made considerable efforts to increase their value-added and develop (managerial) expertise: in other words, they have acted entrepreneurially. This has clearly quickened their internationalization.

Conclusions and implications

In the theoretical part of the paper, it was proposed that the internationalization of the companies not belonging to (their foreign owners') networks normally starts from the geographically closest countries and simpler market operation modes and may progress to more distant markets and more demanding forms of market operation. Larger, more experienced companies with sufficient resources and supportive network relationships can internationalize faster. In addition, this process may include de- and re-internationalization. It was also concluded that by joining a (foreign owner's) network, firms could considerably quicken their internationalization as through network relationships they can obtain the necessary resources, develop their capabilities and gain market access. On the other hand, these aforementioned relationships may sometimes inhibit the companies' internationalization. Furthermore, it was proposed that that a company's role in the foreign owner's network might considerably influence the course of its internationalization process. Some foreign-owned firms may achieve higher value-added activities, larger autonomy and exceptional managerial expertise and, as a result, internationalize successfully.

The case study evidence lent some support to these conclusions. Most companies export to geographically closest countries or have subsidiaries there (but some of them have also entered farther-lying countries first or started their internationalization from establishing subsidiaries abroad); foreign owners have offered them some support in internationalization (although there is no universal rule that foreign-owned firms are always more international – the evidence from some case companies clearly shows that); some enterprises have de- and re-internationalized and at least in one case, a foreign owner has caused substantial problems for its Estonian subsidiary. There was also some evidence that some firms can reach quite an important role in their owners' networks and, as a result, internationalize very successfully.

Consequently, although it is hard to foresee the effects that foreign ownership will have on a particular subsidiary, in general, such relationships should not be avoided. From network relationships (with its owner and other companies belonging to its network), a firm may benefit and quicken its internationalization. However, this is not a universal rule. There is also some evidence that a foreign owner might harm its subsidiary. Consequently, such relationships should be created and developed with great care. Some other ways for establishing international contacts and acquiring knowledge, like creating strategic alliances or hiring the people with such knowledge and relationships, should also be considered. It is also very important to be entrepreneurial and try to achieve a more important role in the (foreign owner's) network as this may considerably quicken a firm's internationalization.

The results of this paper give some support to almost all of the existing internationalization theories (naturally, the sample size was too small to reject or prove their main postulates, but this was not the aim of this chapter). However, there are some exceptions: for instance, there were no typical born global firms in the sample, but many firms did not internationalize exactly as the U-, I- and the Finnish model would have expected, either. Consequently, the internationalization process should be studied further. For example, more attention should be paid to the emerging literature on born-again globals, and de- and re-internationalizers, as they pay attention to some deviations from the classical or born-global internationalization route.

In addition, the characteristics of (foreign) owners and their subsidiaries should be examined more insightfully. Moreover, their managers' views, for instance, their short-term/long-term perspective, seeking/avoiding long-term relationships should also be analyzed more thoroughly, as relationships between the parent and its subsidiary may largely depend on their managers, their capability to create, maintain and improve these relationships.

This topic is especially meaningful when examining a (foreign) subsidiary's role in the parent company's business network.

More attention should also be paid to the negative impacts of FDI on foreign subsidiaries' internationalization, for example, forcing them to follow certain export orders, blocking their access to some markets or even liquidating their previous international operations. It should also be examined more closely why and how FDI fail – for example, how a foreign owner's bankruptcy could influence a foreign-owned enterprise's internationalization – and why some locally owned firms do not achieve considerable success in their internationalization, either. Only then will it become possible to make more specific suggestions to managers about how to act or react in certain situations, and indicate what changes should be made by host countries in order to attract more foreign direct investments or reduce their foreign trade deficit.

Finally, in order to study the main conclusions of the existing theories further, more firms should be examined. This chapter gave an overview of the internationalization of all listed Estonian companies, but it might also be useful to study Latvian, Lithuanian, Finnish and other listed and unlisted firms, make interviews and surveys, compose longer cases and maybe also construct some models. Then it would be possible to reveal the similarities and differences between these countries and firms, and give more support or, on the contrary, disclose the main problems of the existing internationalization theories.

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Appendix 1. Comparison of born globals and traditional internationalizers

	A traditional internationalizer	**A born global**
Market selection	Home market first, others later (gradual entry from the closest to more distant markets)	Many markets fast; the home market does not have to be entered first
Pace of internationalization	Slow and gradual both in terms of market selection and entry modes	Very fast (at once or a couple of years after establishment)
Entry modes	Exports first, sales and production subsidiaries much later	Subsidiaries may be established even before exporting
The approaches studying them	The U-model, the I-models; to some extent, the Finnish model and other streams of literature	The born-global literature; to some extent, the network approach, the FDI and other literature

Appendix 2. Comparison of case companies

Baltika (founded 1928/listed 1997/foreign ownership since 1996), clothing trade (76 shops, 3 production units). Main data, 2003: turnover: 31.7, assets: 20.7, profit: –4.0 million EUR, exports: 72.2% (Est: 28.1, Lit: 16.3, Ukr: 11.2, Lat: 10.5, Pol: 9.8, Rus: 8.0, Fin: 8.0, Swe: 4.7, UK: 3.3), employees: 1696. Foreign subsidiaries by year(s) of foundation: Lit 1993, Swe 1996, Ukr 1997/ 2000, Pol 1999, Lat 1996, Fin 1996, Rus 1994/2004. Main shareholders: Bank of Bermuda/BRF (Guernsey, 35.7), BMIG (Estonia, 19.5%)

Eesti Telekom (1991/1997/1999), telecommunications. Revenue: 307.3 (Est 92.1, Lat and others 7.9%), assets: 267.8, profit: 66.2 MEUR, employees: 2452. Foreign subsidiaries: Lat 2002, Lit 2004, through Lat. Main shareholders: Baltic Tele Aktiebolag (Swe, 50.3), Estonian state (27.2), Deutsche Bank Trust Company Americas (USA, 12.2%)

Hansabank Group (1992/1996 until June 30th, 2005/1998), banking, 281 offices. Revenue: 360.2 (Est 51.8, Lat 22.9, Lit 22.1, Rus 2.5%), assets: 7622.9, profit: 130.9 MEUR, employees: 6005. Foreign subsidiaries: Lat 1995, Lit 1996, Rus 1997/2002, Ukr 1997. Main shareholders: FöreningsSparbanken AB (Swe, 100% since June 30th, 2005)

Harju Elekter (1968/1997), electrical equipment and materials. Turnover: 21.9 (Est 52.8, Fin 39.2, Lit 3.7, Other EU 1.1, Other Europe 0.8, Rus and Eastern Europe 1.3, USA 1.1%), assets: 38.5, profit: 11.2 MEUR, employees: 353. Foreign subsidiaries: Fin 2002, Lit 2003. Main shareholders: Harju KEK (Est, 30.1), ING Luxembourg 9.2, Lembit Kirsme (Est, 8.3), SEB (Swe, 7.2), Endel Palla (Est, 5.6%)

Kalev (1809/1996), confectionery and other food products, real estate. Turnover: 39.9 (Est 84.2, other Baltic states 4.3, other Eastern Europe 2.9, Scandinavia 1.1%), assets: 44.1, profit: 1.1 MEUR, employees: 827. Foreign subsidiaries: USA 2001. Main shareholders: SEB AB Clients 15.2, Linderin Group 12.4, Tallinna Piimatööstuse AS 11.8, Mailtec 10.2, Eesti Ühispank 7.5% (all from Est), SEB AB Finnish Clients 7.0, ING Luxembourg 5.8%.

Klementi (1944/1997/1999–2002), production and sales of women's apparel. Turnover: 8.5 (Est 38.7, Fin 31.8, Swe 16.1, Lat 7.4, Lit 5.5%), assets: 7.8, profit: −1.4 MEUR, employees: 460. Foreign subsidiaries: Fin 1998, Lit 2000, Swe 2003, Lat 2003. Main shareholders: Alta Investments I (Est, 23.8), Bryum Estonia 19.6, ING Luxembourg 9.7, Hansa Balti Kasvufond, (Est, 9.6), Alta Capital (Est, 7.5), SEB AB Clients (Swe, 4.9%)

Merko Ehitus (1990/1996/2003), construction. Turnover: 173.1 (Est 73.2, Lit 16.0, Lat 9.7%), assets: 73.2, profit: 11.8 MEUR, employees: 609. Foreign subsidiaries: Lat 1997, Lit 1998. Main shareholders: Merko Group (Est, 72.0), ING Luxembourg 6.9, SEB AB Clients (4.9%).

Norma (1891/1996/1999), safety belts and car accessories. Turnover: 63.9 (Swe 54.6, Rus 38.8, Est 1.7, Ger 1.0, Ukr 0.9, Fra 0.9, Cze 0.6, ten other countries, including USA, 1.5%), assets: 58.5, profit: 8.2 MEUR, employees: 848. Foreign subsidiaries: Rus 1996. Main shareholders: Autoliv AB (Swe, 51.0), ING Luxembourg 7.4, SEB AB Clients (Swe, 6.0%).

Rakvere Lihakombinaat (1890/1997/1998), purveyance, processing and sale of meat. Turnover: 74.5 (Est 60.9, Lat 25.0, Lit 12.2, Ukr 1.1%), assets: 52.3, profit: 2.5 MEUR, employees: 1154. Foreign subsidiaries: Lat 1997, Lit 1998. Main shareholder: HK Ruokatalo OYJ (Fin, 95.7%).

Saku Õlletehas (1820/1996/1991), alcoholic beverages and soft drinks Revenues: 29.6 (Est 90.6, Lit, Lat, Fin, USA, Jap 9.4%), assets: 29.1, profit: 3.5 MEUR, employees: 247. Foreign subsidiaries: none. Main shareholders: Baltic Beverages Holding AB (Swe, 75.0), ING Luxembourg 5.0%

Starman (1992/2005/1996), cable television and data services. Turnover: 9.7, assets: 17.0, profit: 1.0 MEUR, employees: 191. Foreign subsidiaries: none. Main shareholders: Highbury Investments B.V. (Cze, 33.4), OÜ Constock (Est, 18.1), OÜ Com Holding (Est, 14.8%).

Tallink Grupp (1989/2005/2003), shipping (passenger and freight transport, hotel business. Turnover: 260.0 (includes sales to Finnish, Swedish, Russian and others passengers), assets: 443.0, profit: 30.0 MEUR,

employees: 2710. Foreign subsidiaries: Fin, Swe, Rus, Cyprus, Bahamas. Main shareholders: Infortar (Est, 43.4), ING Luxembourg 8.9, SEB AB Clients (Swe, 6.3%).

Tallinna Farmaatsiatehas (1914/1996/1998), production of medications. Turnover: 4.8 (Lat 76, Est 24%), assets: 4.0, profit: 0.7 million EUR, employees: 87. Foreign subsidiaries: none. Main shareholders: Grindeks PLC (Lat, 64.1%), Grindeks (Lat, 29.4%).

Tallinna Kaubamaja (1960/1997/1998), department store. Turnover: 112.5 (exports not known, but sales to foreigners might be around 1/5 of total sales), assets: 62.0, profit: 4.2 MEUR, employees: 1467. Foreign subsidiaries: Fin (1996, active until 1998). Main shareholders: NG Investeeringud (Est, 66.8), ING Luxembourg (9.1), SEB AB Clients (6.5%).

Tallinna Vesi (1967/2005/2001), water supply and wastewater services. Turnover: 35.0, assets: 142.2, profit: 11.1 MEUR, employees: 350. Foreign subsidiaries: none. Main shareholders: United Utilities B.V. (UK, 35.3), City of Tallinn (34.7), Nordea Bank Finland PLC Clients (10.2%).

Viisnurk (1945/1996/1997), furniture. Turnover: 25.1 (Est 24.9, Fin 19.7, Swe 12.7, Ger 10.7, Den 5.0, Hol 4.2%; also exports to over 10 other countries), assets: 15.2, profit: –4.4 MEUR, employees: 407. Foreign subsidiaries: Switzerland (2004). Main shareholders: Bank of Bermuda/ BRF (Guernsey, 59.5), ING Luxembourg (11.1), SEB AB Clients (5.0%).