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**KEY SUCCESS
FACTORS OF SME
INTERNATIONALISATION:
A CROSS-COUNTRY
PERSPECTIVE**

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CONTENTS

About the Authors ix

List of Contributors xvii

Introduction

Noémie Dominguez and Ulrike Mayrhofer 1

PART I

MAJOR DRIVERS OF SME INTERNATIONALISATION

Chapter 1 A Global Mindset – Still a Prerequisite for Successful SME Internationalisation?

Lasse Torkkeli, Niina Nummela and Sami Saarenketo 7

Chapter 2 Entrepreneurial Marketing as a Key Driver of Early and Sustained Internationalisation

Birgit Hagen and Antonella Zucchella 25

Chapter 3 The Impact of Inter-Firm Collaborations on SME Internationalisation

Pervez N. Ghauri and Ulf Elg 41

Chapter 4 Entry Mode Strategies: Are SMEs any Different?

Maria Cristina Sestu, Antonio Majocchi and Alfredo D'Angelo 63

Chapter 5 The High-Performing SMEs in Traditional Manufacturing Sectors: Innovation and Foreign Operation Modes

Cristina Villar and José Pla-Barber 81

PART II

KEY SUCCESS FACTORS OF SME INTERNATIONALISATION IN MATURE MARKETS

Chapter 6 The Role of Support Services during the Internationalisation of Finnish Software SMEs

Olli Kuivalainen, Jani Lindqvist, Mika Ruokonen and Sami Saarenketo 99

| | | |
|---|--|-----|
| Chapter 7 | How can Promotion Agencies Impact SME Internationalisation? The Case of the French Company SLAT | |
| | <i>Noémie Dominguez and Ulrike Mayrhofer</i> | 121 |
| Chapter 8 | Internationalisation Strategies and Processes of the German Mittelstand | |
| | <i>Stefan Schmid</i> | 137 |
| Chapter 9 | Market Entry Strategies, Innovation and Performance of SMEs in the Service Sector | |
| | <i>Katharina Maria Hofer and Alexandra Baba</i> | 155 |
| PART III | | |
| KEY SUCCESS FACTORS OF SME | | |
| INTERNATIONALISATION IN EMERGING MARKETS | | |
| Chapter 10 | Québec SME Risk Management and Exports to Asian Countries | |
| | <i>Josée St-Pierre, Richard Lacoursière and Sophie Veilleux</i> | 175 |
| Chapter 11 | Succeeding in the Chinese Market: The Case of the French Company Mixel Agitators | |
| | <i>Noémie Dominguez and Ulrike Mayrhofer</i> | 195 |
| Chapter 12 | Strategies for Internationalisation: How Chinese SMEs Deal with Distance and Market Entry Speed | |
| | <i>Christiane Prange and Youzhen Zhao</i> | 205 |
| Chapter 13 | Motivations to Internationalise: Evidence from Brazilian Shoe Firms | |
| | <i>Luísa Campos, Catherine Axinn, Susan Freeman and Gabriele Suder</i> | 225 |
| Conclusion | | |
| | <i>Noémie Dominguez and Ulrike Mayrhofer</i> | 249 |
| <i>Index</i> | | 251 |

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INTRODUCTION

Noémie Dominguez and Ulrike Mayrhofer

Small- and medium-sized enterprises (SMEs) are key players in national economies and are increasingly integrated into global value chains ([International Trade Centre, 2017](#)). They contribute actively to economic growth, the creation of jobs and innovation in both mature and emerging economies. For example, in Organisation for Economic Co-operation and Development (OECD) countries, SMEs account for approximately 99% of firms, provide the main source of employment (70% of jobs) and generate between 50% and 60% of the annual gross domestic product (GDP). In emerging markets, SMEs contribute to about 45% of total employment and 33% of GDP ([OECD, 2017](#)).

It seems important to note that SMEs are not defined in the same way across countries. In North America, an SME is defined as a company with less than 500 employees ([Industry Canada, 2017](#); [U.S. Small Business Administration, 2016](#)). In China, the definition varies across industries but it is commonly admitted that a Chinese SME has less than 1,000 employees and makes less than 400 million renminbi (i.e. 510 million euros) annual turnover ([OECD, 2016](#)). In Europe, experts often refer to the definition provided by the European Commission who considers that SMEs are independent companies with less than 250 employees and with less than 50 million euros annual turnover. They can be divided into three categories: (1) micro-enterprises (1–9 staff, less than 2 million euros turnover), (2) small enterprises (10–49 staff, 2–10 million euros turnover) and (3) medium-sized enterprises (50–249 staff, 10–50 million euros turnover). The lack of a common definition of SMEs highlights their heterogeneity and attests to the importance of getting a better understanding of the main peculiarities of these companies across the world.

Despite their small size and limited resources, many SMEs have decided to develop abroad to seize global market opportunities. In a rapidly evolving environment, the internationalisation of SMEs raises numerous questions. What are the reasons why SMEs expand into foreign markets? How do they enter the targeted countries? How do they develop and organise their international activities?

How do they adapt their managerial practices to succeed in mature and emerging economies? Despite the growing importance of SMEs in the world economy, the international development of their activities remains an under-researched topic in academic literature (Laufs & Schwens, 2014). Since SMEs are often strongly shaped by their national and regional territories, their management practices tend to be highly contextualised (Dominguez & Mayrhofer, 2017). It thus seems particularly relevant to adopt a cross-country perspective to better understand key drivers and success factors of SME internationalisation.

This collective book provides new insights on how SMEs develop and perform their international activities. Renowned scholars from Europe, North America, Australia and China explain how SMEs can succeed their development in both mature and emerging economies. Their findings are based on quantitative surveys and in-depth case studies. Recommendations are provided to help SME managers increase the performance of their international expansion. Several dimensions are analysed, such as the role of promotion agencies and collaborative practices, the identification of key resources and competencies and the entry mode selection process, among others.

The first part of the book focuses on major drivers of SME internationalisation. Lasse Torkkeli, Niina Nummela and Sami Saarenketo (Finland) show that a global mindset fosters the international expansion and improves the international performance of SMEs. Birgit Hagen and Antonella Zucchella (Italy) highlight that entrepreneurial marketing has a positive impact on early and accelerated internationalisation of young small firms. Pervez N. Ghauri (United Kingdom) and Ulf Elg (Sweden) emphasise that marketing collaborations with other companies can help SMEs to overcome their lack of resources and improve their international performance. Maria Cristina Sestu, Antonio Majocchi and Alfredo D'Angelo (Italy) compare market entry strategies followed by SMEs and large firms, and find that SMEs make different choices, namely when they face an economic crisis and diversify into other business activities. Cristina Villar García and José Pla-Barber (Spain) indicate that high-performing SMEs in traditional manufacturing sectors are more likely to use advanced operation modes that allow them accessing knowledge in host countries and to develop innovations based on organisational changes that help to create new business models.

The second part of the book deals with key success factors of SME internationalisation in mature markets. Olli Kuivalainen, Jani Lindqvist, Mika Ruokonen and Sami Saarenketo (Finland) illustrate the role of support services during different stages of internationalisation followed by software companies. Noémie Dominguez and Ulrike Mayrhofer (France) describe how a successful accompaniment can help industrial SMEs to expand abroad and to establish subsidiaries. Stefan Schmid (Germany) examines the characteristics of internationalisation strategies and processes of the German 'Mittelstand'. Katharina Maria Hofer and Alexandra Baba (Austria) investigate the influence of different market entry strategies on innovation and the performance of SMEs in the service sector.

The third part of the book is dedicated to key success factors of SME internationalisation in emerging markets. Josée St-Pierre, Richard Lacoursière and Sophie Veilleux (Canada) demonstrate that a positive attitude towards risk-taking and

the implementation of risk management mechanisms can help SMEs to export to higher risk countries such as Asia. Noémie Dominguez and Ulrike Mayrhofer explain how industrial SMEs can successfully implement production and sales subsidiaries in China. Christiane Prange and Youzhen Zhao highlight the challenges that Chinese SMEs face when expanding into foreign markets, notably in terms of distance and entry speed. Finally, Luisa Campos, Catherine Axinn, Susan Freeman and Gabriele Suder (Australia and United States) show how the motivations of Brazilian companies from traditional manufacturing industries can influence their success in foreign markets.

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