

**CRITICAL SUCCESS FACTORS OF SME INTERNATIONALIZATION**

**Tarun Kanti Bose**

Khulna University, Bangladesh

t.bose.1@research.gla.ac.uk

**ABSTRACT**

*This study was directed towards investigating the critical success factors of SME internationalization. Qualitative and explorative research work have been carried out to detect the key underlying variables existing in the context. Thorough review of literature reveals four important variables as key success factors. Those are: the current internationalization scenario, future internationalization prospects, internationalization competencies, and strategies for internationalization. A conceptual networking model was established from the literature which describes the multidimensional and networking relationship among the main variables and underlying constructs. This study contributed toward developing a model for successful internationalization framework by covering important literature in the field of SME internationalization.*

**Keyword:** SME, internationalization, success factors, model of internationalization

## INTRODUCTION

Internationalization has been defined as the process of going beyond domestic operation and operating internationally. SME internationalization is one of the highly discussed issues in the modern literature of international business. Internationalization of SME operation is certainly not a new phenomenon and it is a quite common practice among Western business organizations. The firms in third world countries are striving to put their name on that list. Few firms from developing countries like China, Malaysia and Thailand have been successful with internationalization. As everything is becoming globalized, the traditional idea of international operation solely applicable for larger corporations is no longer valid. Smaller firms particularly from the West are obtaining remarkable success beyond the conventional domestic territory. Modern communication and transportation tools have further enhanced internationalization. With globalization, greater opportunities are provided internationally as the domestic market is continuing to shrink. With this trend, almost every country view domestic market as insufficient for ensuring business growth and sustainability. This scenario has opened diversified fields of research areas for exploring and thus presents numerous scopes to develop theories for the best possible method of SME internationalization. This study has tried to uncover the most important success factors for SME internationalization. To accomplish this, it has adopted the literature review method and also builds a conceptual model for describing the multidimensional relationship among different variables which plays important and determining roles for successful

internationalization of small and medium sized enterprises.

## REVIEW OF RELEVANT RECENT LITERATURES

### Theories and Approaches of SME Internationalization

Internationalization of different types of business organizations including SMEs is a popular subject of research in international business (Buckley & Casson, 1976; Buehner, 1987; Geringer, Beamish, & da Costa, 1989; Bloodgood, Sapienza, & Almeida, 1996; Coviello & McAuley, 1999; Zahra, Ireland & Hitt, 2000; Geringer, Tallman & Olsen, 2000; Denis, Denis, & Yost, 2002; Bae & Jain, 2003; Suarez-Ortega & Alamo-Vera, 2005; Ruzzier, Hisrich, & Antonic, 2006, and Salahuddin, Kahn, & Akram, 2008). Different approaches have been developed over the years to explain the pattern of internationalization including the stage approach, network approach, international entrepreneurship approach, and integrated approach (Suarez-Ortega & Alamo-Vera, 2005).

### The Stage Based Approach

The Stage Based approach of internationalization has been defined as a linear and sequential process which constitutes a group of unique stages. There are mainly two approaches under this theory which are Uppsala model (Johanson & Vahlne, 1977) and Innovation related model (Bilkey & Tesar, 1977, Cavusgil, 1980). The Uppsala model has described internationalization as a process of gradual learning through experiences gained from foreign markets (Ruzzier et al., 2006). It is comprised of two basic concepts- the learning process and psychic distance (Collinson & Houlden, 2005). According to the theory

developed by Uppsala model, the internationalization is the process of acquisition, integration, and utilization of both knowledge and expertise in international operations with incremental participation in international markets. By integrating the knowledge gained from international experiences it becomes easier for the enterprises to make decisions (Pett, Francis, & Wolff, 2004). In this way, internationalization can be regarded as the result of a series of incremental decisions. This model is also constructed on two essential elements: the amount of resources committed and the degree of commitment. The interaction between those essential elements also results in two effects known as the static effect and the dynamic effect. The static aspect refers to the resources committed to the target market and the related knowledge. The dynamic aspect is relevant with the influence of the resources on timely decision making and the decisions related to on-going activities (Khayat, 2004). Finally, four steps were developed by the Uppsala model which serve as the main ingredients in the sequential process of internationalization: irregular export activities, export through independent agents, establishment of an overseas sales subsidiary, and overseas production or manufacturing units (Collinson & Houlden, 2005). The Innovation-Related Internationalization Model views internationalization as a process in which the steps are identical to new product introduction and development (Dhanaraj & Beamish, 2003). The foundation of this ideology is that the internationalization process requires innovation for enterprise continuously, and therefore it should be an incremental development process. I-Models can be essentially categorized into three main stages: pre-export stage, export trail stage and advanced export stage (Coviello & Munro,

1997). In these stages, the degree of innovation is normally higher in later stages compared to the earlier stages.

### **Network Theory**

Network theory of internationalization places importance on the intra and inter-organizational networks for successful internationalization process. Research on network theory is widespread and this concept touches many aspects of business. In explaining the internationalization process of SMEs, Coviello and Munro (1997) pointed out that SMEs show a pattern of externalizing their activities during the internationalization process by depending heavily on establishing network relationships to select the market and the entry mode. In addition, they have argued that rapid internationalization is mostly possible with building relationships and networks. On the other hand, Johanson and Mattson (1988) have argued that internationalization is a process which develops inside the network through commercial relationships with other countries and constitutes three steps-extension, penetration and integration. The network is defined by Cook and Emerson (1978) as a junction of relationships. Coviello and Munro (1997) have also stated that the degree as well as the form of internationalization is influenced by different types of relationships that are developed in the networks. By building financial, technological and market relationships with other members of the networks, the enterprise extends its connection with other enterprises and slowly increases its activities across national borders until they become international.

### **The concept of international entrepreneurship**

The concept of international entrepreneurship is primarily defined as new international operational activities by newly developed enterprises (Ruzzier et al., 2006). In contrast to the stage theory of internationalization, this approach focuses more on rapid internationalization. In addition, this theory asserts that as internationalization becomes a passion of new entrepreneurs, they possess immense inclination towards learning and adopting supportive viewpoints, such as innovative ideas, concepts, knowledge, and mechanisms (Collinson & Houlden, 2005). Resource and competency based theories of internationalization are an important addition in this area of literature. According to this theory, resources and competency play key roles in internationalization in all kinds of firms including SMEs. Resources and competencies play an important role in the selection of internationalization strategies. Factors such as financial capability, material capability, and in relation to others, learning capability are determining factors of internationalization. Eventually, the process of internationalization requires the mobilization of resources and competences in the enterprise (Ruzzier et al., 2006; Pantin, 2005). For SMEs to capture the opportunities in the international markets, the entrepreneurial resources, namely the financial and technological resources of the entrepreneur, are important (Dhanaraj & Beamish, 2003).

### **IMPORTANT FACTORS OF SME INTERNATIONALIZATION**

#### **Network, Alliance, Clusters**

Business linkages such as networks, joint ventures, and subsidiaries play an important role in increasing the probability of export

(Gumede & Rasmussen, 2002). Networks can be used in developing countries to encounter export-marketing problems (Ghauri, Lutz, & Tesfom, 2003). Availability of opportunities arising from globalization, availability of collaborative networks and availability of the sources of funds not only influence, but also dictate the terms in SME internationalization (Zahra, Korri, & Yu, 2005). Anderson (2006) developed a model for interpreting the importance of personal networks for collecting information for the sake of internationalization of firms. Networking capability enables the identification and exploitation of market opportunities, which facilitates the development of knowledge-intensive products and firm international market performance (Mort & Weerawardena, 2006). The involvement of a strategically-focused supplier may strengthen and integrate the resources and capabilities as well as improvement with the international network development and positioning (Johnsen, 2007). There is strong evidence to suggest that a cluster policy brings additional positive effect to existing SME policy in industrialized economies (Karaev, Koh, & Szamosi, 2007). Due to both internal and external constraints, SMEs should use partnerships or strategic alliances to overcome resource and capability deficiencies and to spread investment costs and related risks among partners (Li & Qian, 2007). Agndal and Chetty (2007) have investigated the importance of relationship in various aspects of internationalization. For manufacturing SMEs, building a relationship through networks and alliances is the key to growth in international markets (Sinha, Akoorie, MIEM, Ding, & Wu, 2011). Cluster supply chain plays an important role for achieving success in the international market (Huang & Xue, 2012). Inter-personal networking and inter-organizational

networking have a strong positive impacts on SME internationalization and marketing (Eberhard & Craig, 2012). Haskell and Pons (2012) explain how smaller enterprises benefit from strategic alliances when they go for internationalization. Varga, Vujisic, and Zdravkovic (2013) have emphasized on building innovation clusters for SMEs to improve the competitiveness in international business.

### **Capacity Building**

Daniel and Wilson (2002) recognize the importance of adopting and utilizing e-commerce for international business. Four constructs (competitive scope, organizational capabilities, entrepreneurial competencies and performance orientation) have a strong influence for achieving success in an overseas territory (Man, Lau, & Snape, 2002). The adoptions of e-business and e-marketing have had varying impacts for countries with a different cultural, technological and social set-up (Fillis, Johannon, & Wagner, 2004). Furthermore industry and sectorial factors play key roles in the development of e-business and its success for small and medium sized firms' internationalization and overseas operations (Fillis et al, 2004). Financing strategies and the commensurate finance management capabilities play dominant roles in the sustainable success of international business particularly for small and medium enterprises (Gabrielsson, Sasi, & Darling, 2004). For better performance in exporting business, companies need to provide technical and practical trainings (Kořksal, 2006). The decision makers of all internationally successful companies possess a better understanding of the international orientation skills needed which include language and cultural norms (Knowles, Mughan, & Lloyd-Reason, 2006). Firms that share a common

language with their international counterparts are able to internationalize faster and these geographically diverse networks contribute to superior performance in international markets (Musteen, Francis, & Datta, 2010). Kenny and Fahy (2011) finds that there is a positive relationship between a firm's network of human capital resources and international performance. Sinkovics, Sinkovics, and Jean (2013) put forth, that online channel support positively enhances export performance for SMEs.

### **Policy**

Rutashobya and Jaensson (2004) articulated that export performance of developing countries' SMEs need to be bolstered by their respective governments to create an environment that will stimulate small firms' competitiveness. Which in turn highlights the importance of policy prescriptions and executions. Balanani, Theodosiou, and Katsikea (2004) place emphasis on few other factors such as standardization and customization, export development processes, rapid technological, institutional, legislative, economic and attitudinal changes for the internationalization of all kinds of firms. Neupert, Baughn, and Dao (2006) found differences in the problems faced by the SMEs in transitional and developed economies. While SMEs from transitional economies encountered export problems related to product quality acceptance and logistics management; the SMEs from developed economies faced issues such as differences between countries, general business risks, and logistics. Ahmed, Julian, Baalbaki, and Hadidian (2006) measured the importance of export incentives for successful internationalization. Export capabilities among small and medium-sized enterprises tend to depend on some key components of

marketing management and also on the blending of processes, practices, and activities (Doole, Grimes, & Demack, 2006). Several factors must be addressed before the SME can achieve international growth including specifically the utilization of technology and domestic infrastructure (Todd & Javalgi, 2007). Shamsuddoha, Ali, and Nbudisi (2009) found that market development-related government assistance significantly influences internationalization. Altintas, Vrontis, Kaufmann, and Alon (2011) investigated the impact of micro and macro-environmental forces on SME internationalization. Interaction of SMEs with the Government also can be a major factor for successful internationalization particularly for the firms of developing and under developed countries (Fornes, Cardoza, & Xu, 2012).

### **Innovations**

International experience, the ability to innovate, understanding growth potentiality and market-specific knowledge are the keys for successful internationalization (Pinho, 2007). Strategic orientations are related to a firm's international performance. This relationship is moderated by its international growth strategy (Jantunen, Nummela, Puumalainen, & Saarenketo, 2008). In addition, international trade shows play a significant role in the internationalization process of small exporting firms (Evers & Knight, 2008). Man, Lau and Snape (2008) pointed out that both direct and indirect contributions of the entrepreneur's opportunity, relationships, ability to innovate, and strategic competitiveness all affect the long-term performance of an SME via competitive scope and organizational capabilities. Karra, Phillips, and Tracey (2008) proposed that three entrepreneurial capabilities which are particularly important

for successful international new venture creation are international opportunity identification, institutional bridging, and a capacity and preference for cross-cultural collaboration. Entrepreneurial orientation coupled with a strong desire to seek growth in international markets, always instigate rapid internationalization of small company (Ruokonen & Saarenketo, 2009). Casillas, Moreno, Acedo, Gallego, and Ramos (2009) has described the role of knowledge for the successful internationalization process. Organizational structure, the entrepreneurial processes adopted in creating firms, as well as marketing and learning orientations all are important elements for better internationalization of firms particularly from emerging economies (Kocak & Bimbola, 2009). There is an empirical relationship between organizational learning and organizational performance. In practice, this means that organizations reaching higher levels of organizational learning probably achieve higher performance (Michna, 2009). The factors which dictate the performance of international SMEs differ from non-international SMEs in terms of international entrepreneurship, organizational innovation intensity and firm size (O'Cass & Weerawardena, 2009). Chetty and Stang (2010) also find out that innovation is also a key ingredient of internationalization of smaller firms. Dimitratos, Plakoyiannaki, Pitsoulaki and Tü selmann (2010) have outlined international SMEs as global smaller firms and described these firms as more strongly entrepreneurial-oriented than normal ones. Strategic variables for international business, such as R&D intensity have significant impacts for successful internationalization (Li, Qian, & Qian, 2012).

### **Benefits and Barriers**

Altintas, Tokol, and Harcar (2007) measured the impact of existing impediments on internationalization. Profiling and benchmarking the capabilities is an important area of competency for small and medium-sized enterprises (SMEs) to compete internationally (Grimes, Doole, and Kitchen, 2007). Lages and Montgomery (2004) have argued that past performance plays a pivotal role in building SMEs' commitment to exporting and also in determining their current marketing strategy. Long-term orientations on financial export performance and strategic export performance have long term impacts on sustainable success in international business particularly for SMEs (Ural, 2009). Hutchinson, Fleck, and Lloyd-Reason (2009) detected some internal and external barriers which create serious impediments for both internationalization and successful operations in international business. These barriers are primarily related to management and include lack of vision, fear of losing control, lack of knowledge, lack of resources, lack of consolidation in domestic market, and the external environment-legislation, currency, cultural differences and logistics. Psychic distance plays an important role in the internationalization of family SMEs, mainly because of their general cautiousness as a result of family presence (Kontinen & Ojala, 2010). Hewapathirana (2011) studied women entrepreneurs of Srilanka and concluded that the social identity of women entrepreneurs not only enabled them to break glass ceilings but also emerge as competent entrepreneurs who have potential to be successful internationally. Zthis also supported by Al-Hyari, Al-Weshah, and Alnsour (2012) who identified the barriers to internationalization of SMEs from the evidence of Jordan.

### **Future Prospects**

Cort, Griffith, and White (2007) investigated the importance of motivating factors for managers for international business operation. Babakus et al. (2006) focused on a few important factors for internationalization including perceived uncertainty, networking and export performance. Chandra, Styles, and Wilkinson (2009) tried to mitigate the gap of existing internationalization theories by placing importance on the fast recognition of the international entrepreneurship opportunity for successful internationalization. Cognitive complexity acts as a platform for successful processing of foreign market intelligence which is found to have a value-added impact on the SME's export performance (Miocevic & Karanovic, 2011). Mort, Weerawardena, and Liesch (2012) identified four fundamental strategies for entrepreneurial marketing and for achieving success in international business. Those are opportunity creation, customer intimacy-based innovative products, resource enhancement and legitimacy. Modern internationalization patterns of SMEs are determined by international orientation, growth orientation, communication capability, intelligence generation capability and marketing-mix standardization. The interaction and inter linking relationship among resources availability, goal congruence, entrepreneur's desire to internationalize seem to have a combined impact on international business performance of SMEs (Rocha, Mello, Pacheco, and Farias, 2012). Those small firms tend to perform well in the overseas markets which have prior international business experience and networks which help building knowledge competencies (Park & Rhee, 2012). Hitt, Beamish, Jackson, and Mathieu (2007) identified opportunity creation as one of the

critical success factors for SME internationalization.

### **Timing of Internationalization**

The importance of objective and subjective characteristics of management is vital for not only the initial decision to expand and the support of overseas operations, but the subsequent path and pace of international development (Hutchinson Quinn, & Alexander, 2006). Williams (2006) articulated that only ambitious SMEs will gain rapid success in international market. Ambitious SMEs are those which are active with marketing and information-gathering activities, and tend to dedicate specific financial and human resources to exporting. Hermel and Khayat (2011) emphasized the importance of leveraging between internal and external resources for rapid internationalization of micro-firms. Clercq, Sapienza, Yavuz, and Zhou (2012) portrayed the importance of learning and knowledge in the process of early internationalization. Meanwhile, D'Angelo, Majocchi, Zucchella, and Buck (2013) measured the different geographical pathways and the applicability of those for successful international operations. Success in an international set-up depends heavily upon by the process through which managers or organizations go about internationalization. Sometimes re-internationalization and de-internationalizations are essential as an entry and exit should not be universal, rather should be based on situations and facts (Freeman, Deligonul, & Cavusgil, 2013).

### **Modes of Internationalization**

Interaction and balance between the instruments of control for subsidiaries abroad are also important to success for international operations (Jaussaud & Schaaper, 2006).

Mtigwe (2005) identified four micro processes that shape the internationalization process and thus have influences on performance. Those are accelerators, export barriers, selectors of intra-stage foreign market development, and foreign market outcomes. Acedo and Jones (2007) studied the rate of internationalization and focused on four aspects of managers in international operations. Those are risk perception, proactivity, tolerance for ambiguity, and international orientation. Trust based coordination and cooperative arrangements can also be major ingredients for successful exporting and international operations of different types of firms (Fink & Kraus, 2007). Miocevic and Karanovic (2012) have outlined that a global mind-set and broader attitude have a direct positive relationship with export performances. Ripolle's, Blesa, and Moferrer (2012) outlined that firms choose relatively low-resource commitment entry modes to operate in foreign markets, and thus have significant impact on operations. Firms which presume greater risks by committing higher resources also increase their chances of getting far quicker results.

### **Destinations of Internationalization**

Managing cultural distances, a supportive local industry and positive customer response will be the key to success in international business for SMEs the coming century (Sakarya, Eckman, & Hyllegard, 2007). On the other hand Agndal, Chetty, and Wilson (2008) have detected the importance of social capital in the internationalization process. Critical networks as well as actors and stakeholders in those networks play critical roles in the successful entry of foreign firms especially in the emerging markets (Elg, Ghauri, & Tarnovskaya, 2008). Opportunities exploitation and success gained in international business may be associated with

cross-border combinations of resources and markets (Gregorio, Musteen, & Thomas, 2008). Lan and Wu (2010) concluded that the degree of success in international business largely depends on the risk taking attitude, diversification capabilities and competing aggressively with the firms who are already established in the market place. Management, products, experience and geographical location all have an indirect effect on the SME internationalization (Su & Adams, 2010). Hutchinson and Quinn (2012) identified five traits of small specialist international retailers. Those are possession of a strong company brand image with market appeal, niche strategy, dual strategy of expansion, ownership characteristics defined by the entrepreneurs and vertical integration from manufacturing to retailing. Dimitratos, Voudouris, Plakoyiannaki, and Nakos (2012) added another dimension to the context of international entrepreneurship and business by pointing out the importance of the entrepreneurship culture among the small and medium firms when establishing successful offshore operations. Sandberg (2013) highlighted the importance of accumulated societal, business network and customer-specific experiential knowledge for SME internationalization.

### **Operational Decisions of Internationalization**

Corporate culture particularly in the overseas operation always enables all types of firms including SMEs to gain significant operational, strategic and competitive advantages as this culture is key for ensuring synergy in the organizational process (Gray, Densten, and Sarros, 2003). Ibeh (2003) has identified a number of factors that drive positive international business performances. These include: decision makers' previous

experience, international contacts and orientation, and firm-specific competencies relating to planning orientation, adoption of innovative technologies, foreign market information search, and managing channel relationships. There is also profound relationship among risk, operation characteristics and international business performance (Gleason, Madura, and Wiggins, 2006). Product quality, rationalization of operations and capital cost rationalization, and less focus on system integration are important for SME internationalization particularly for manufacturing SMEs (Vaaland & Heide, 2007). Andersson and Flore ´n (2008) studied the importance of managerial behavior in international small firms. Zeng, Xie, Tam, and Wan (2008) have found that-technology level, cost control, and brand consciousness are the top three factors affecting the competitiveness of internationalization of manufacturing SMEs. The marketing capability of a firm plays the most important role in improving the performance of firms that embrace internationalization (Zeng, Xie, Tam, and Wan, 2009). Maurel (2009) divided export performance into internal and external strategy related variables and concluded that business partnership, innovation, greater size, and an effective export commitment are linked to better export performance. Atristain and Rajagopal (2010) investigated the importance of operational efficiency for successful internationalization of Mexican SMEs. Ethnic workforce diversity plays a key role in increased internationalization of SMEs and also has greater impact on performance (Mohr and Shoobridge, 2011). The ownership structure has an important role in defining the pathway to internationalization followed by the family-owned SMEs (Kontinen & Ojala, 2012). Shirokova, Verga, and Sokolova, (2013) identified entrepreneurial values,

investments in internal resources, knowledge management, and developmental changes as key components for SME internationalization.

## RESEARCH METHODS

The evaluation of critical success factors of SME internationalization has considerable significance and is an important addition to the existing scientific literature in international business. It is important to evaluate factors comprehensively so that every important variable is covered. Along with that it is vital to demonstrate the relationship among those variables and how they can contribute to reaching success in international business if utilized properly. To serve both of these purposes, I used the literature review methodology for this research. First of all, a thorough review of literature took place, and afterwards critical variables considered to be important for SME internationalization were detected. Finally, a conceptual model incorporating the networking relationship among these variables was developed to show the sequencing and multi-dimensional nature of this relationship. This model is particularly applicable for SMEs, not for other businesses, as it is developed from the literature review on SMEs. The studies which were taken into consideration conducted field work and empirical research works on SMEs. Therefore, the proposed model is only applicable for SMEs.

### Critical Success Factors

The term “critical success factors” was first introduced by John F. Rockart in 1979 for helping senior executives describe the vital information they needed for successful management of their respective organization. This term, “critical success factors,” is the extension of “success factors” developed by

Ronald Daniel in 1961. Over the years the term “critical success factors” has been widely used in a variety of fields from hospitality to business and implied as important factors for gaining success in any operation.

## RESULTS

### Critical Success Factors of SME Internationalization

After reviewing the literature thoroughly and evaluating the multidimensional relationship among different variables, the first thing I did was develop a conceptual networking model for showing and interpreting the relationship. In the literature the scientists in the field of international business have detected and highlighted a few factors which are the key ingredients of SME success in the international arena. My task was just to develop a model with those variables and establish a relationship for showing the sequence as well as the multi-dimensional relationship among those variables.

### Current Internationalization to Future Internationalization-Few Key Lessons to Learn and Exploit:

As shown in figure 1, the success factors and key prerequisites of SME internationalization are actually rooted in the domestic set-up where firms start their internationalization process by observing the success stories of the SMEs from the same territories. The current internationalization scenario triggers future internationalization as it exposes the potential benefits and impediments for the SMEs. I have observed that this process is similar to that of traditional marginal analysis in economics, the common process of evaluating benefits and impediments.

***“The Current internationalization scenario exposes the existing spectrum for SMEs to do a Marginal Analysis for evaluating future internationalization prospects”***

Such old-fashioned marginal analysis which exists in every human action allows the SMEs to see the broader picture. After seeing the broader picture, they are well informed about their potentialities in an international set-up. Through that process the firms also find themselves in a suitable position of listing the existing benefits and impediments. They can make a list of different KPIs (Key Performance Indicators) that are important indicators for success. In addition they also can estimate the probabilities of those KPIs occurring. Sales, profits, growth, market share, risks-the scenario of every business parameters are to be evaluated. Afterwards the summative picture of internationalization prospects is in the hands of the firms for decision making. Now, the key point here is that the success stories of the SMEs depends on two factors: a. How comprehensively and flawlessly they evaluate the prospects and b. How effective and efficient their internationalization decision making is after evaluating such a scenario. The gist of the discussion is the current internationalization picture and it's in ascertaining future internationalization prospects. The success of the SMEs depends on thoughtful, well-timed, and proper utilization of these variables for gaining success in international set-up, which is always more challenging than gaining success in well-known domestic business territory.

**Internationalization Prospects Coupled with Internationalization Competencies-A Deadly Combination:**

Future internationalization prospects trigger SME internationalization. But as old theories said-potentials are nothing if not explored and utilized in proper ways. For proper utilization of future internationalization it is essential to build competencies among SMEs.

***“Turning potentials into reality is the key-Internationalization competencies are the important moderating variables in that context.”***

According to many international business as well as SME experts, competencies among SMEs cannot be ensured unless both administrators and SME owners act jointly. It is a dual role that can ensure successful enhancement of SMEs and make them competent to face the music in international business operations. In my model I have developed four key ingredients which are essential competencies for SMEs which are going to operate internationally. Those are developed from the concepts and evaluation of relevant literatures in international business and SME internationalization. Those KPIs of internationalization competencies are capacity building, policy development and implementation, building cluster or strategic networking, and innovation development.

**Capacity building** means making the local SMEs capable of facing international competition. It also means enabling SMEs to progress. In this category, I envisage three categories; the exporter, the potential exporters, and the SMEs who have not identified exporting as an internationalization strategy. These three groups will have different needs and support with regard to capacity building. Therefore, the managerial and organizational determinants will differ. Utilizing the Stages Theory to explore the development and the need for capacity

building as the SME progresses from a domestic operation to internationalization would be appropriate. The process of capacity building can be enhanced by government assistance. Some countries directly empower their domestic firms so that they can go for early internationalization and thus can contribute to the economic development in better ways. **Clusters Development or Strategic Networking** among business firms is widely defined as the process by which those firms came together to form a strategic partnership in various aspects of their business (Bari, Heema, and Haque, 2005). Those include setting uniform prices, sharing important machineries, forming joint projects, creating lobbying groups, devising areas of operation, carrying out joint advertising and promotional campaign, sharing important technological and infrastructural tools, and so on (Barnett & Storey, 2000). Such networking is widely accepted and used mostly by firms within the same industry (Greenaway, Girma, and Kneller, 2004). Business clustering, sharing, and networking helps firms to establish more competitive advantages and also minimize risks. **The SME development policy** can be categorized as policies that include stimulatory, supporting, and sustaining activities enacted by a policy maker to accelerate the growth and development of SMEs. These policies reflect the stages that the SMEs progress through to achieve internationalization. Stimulatory activities involve acts for motivation to start a business (Greenaway et al., 2004). Supporting includes acts that help the SMEs in doing their business. Finally, sustaining acts include those activities which are directed towards ensuring that SMEs will be able to survive in the marketplace to achieve maturity and capability for competing with larger firms and other rivals. **Innovation** is the process of

altering something from its current composition or introducing something completely new. Innovation is normally of two types -radical or incremental (Barnett & Storey, 2000). It has its widespread application in the areas of products, processes, or services and in any organization. Innovation can take place at all levels of organizations or sometimes can be in few areas where it is most important. Innovations are hugely important for international firms as competition is intense and customers are demanding and educated. The term innovation is complementary with few concepts like change, creativity, design, and invention, but certainly not the same as those.

Now, all of these internationalization competencies not only makes SMEs more competitive in an international market but also increases their chances to survive. The important discussion point here is that the ultimate success of SMEs in an internationalization process vastly depends on how they build themselves and also how the policy makers or relevant government back them by incorporating proper policies comprising both institutional and infrastructural supports. When a large potential market is served by the SMEs after gaining suitable competencies success is definitely imminent. Otherwise the story can be the opposite, which normally happens to large number of firms across the world.

### **Internationalization Prospects Coupled with Internationalization Competencies and backed by a Viable and Proper Internationalization Strategy-The Ultimate Success Mantra:**

The last phase of my internationalization success factors model constitutes a proper strategic framework for SME internationalization. Strategies are important

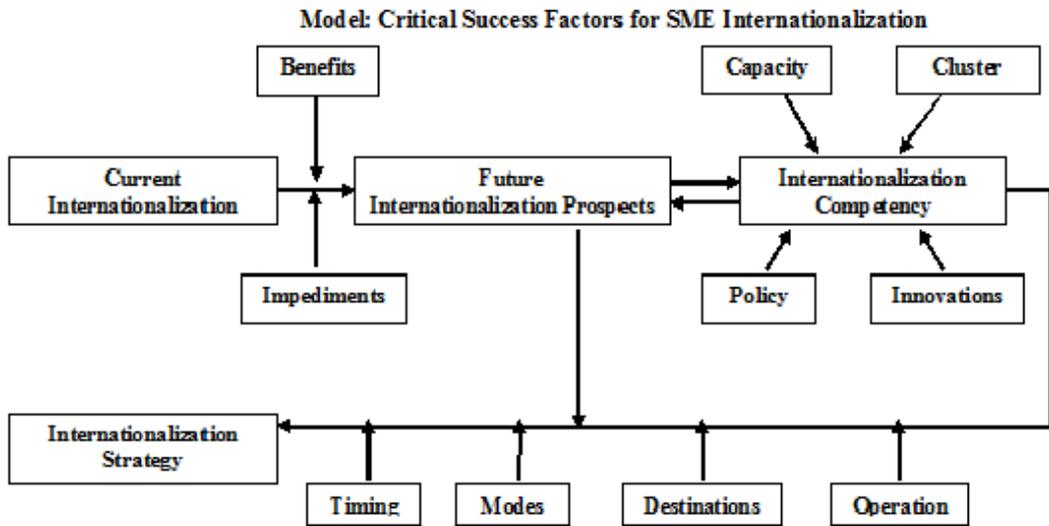
both for utilizing competencies as well as for extracting prospects and turning potentials into realities in international business. Strategies and also proper utilization of them along with perfect timing are the keys for international success. In the model I developed, there are four main broad categories of strategies for SME internationalization. Those are modes of internationalization, timing of internationalization, destinations for internationalization and also operational decisions for internationalization.

***“Many Businesses have potentialities, many firms possess competencies, but ultimately international success goes to those who have proper strategies for implementation and control”***

***Modes of internationalization*** consist of different ways SMEs or other types of firms can go international. The common modes of internationalization are direct exports, direct imports, foreign direct investment, subcontracting, and international technical co-operation. Modes of internationalization are an important consideration in the internationalization process as only appropriate modes can ensure ultimate success and not all types of modes are appropriate in every case. ***Timing of internationalization*** means the time when a firm or SME should go international. It can be very early or may be after several years of domestic operation. Along with modes, timing is always important as sometimes opportunities are short lived and sometimes early internationalization can be the nemesis of a firm. Therefore, wise and calculative decision making for the entry is the

key for gaining success in the international arena. ***Destinations*** for internationalization mean the places or countries where a firm should go for international operations. Finding out appropriate destinations are always important as this minimizes risk and ensures profitability and growth. Destinations or country evaluation requires intense research and evaluation. There are different techniques for evaluating among different probable destinations. Adopting those techniques and coming up with viable conclusion can ensure early success for a firm. ***Operational decisions*** in internationalization comprises routine and regular decision making that every firm needs to do in areas, such as marketing, finance, operation, management, HRM, information system, accounting, and auditing. These are important matters as the success of firms largely depends on appropriate strategy making and implementing in the operational areas. The cases of SMEs or other types of firms are no different.

In my model my observation is that those strategic decisions are the important final touch for SME internationalization. Therefore, it is critically important to incorporate appropriate strategies to carry out the internationalization process. All the four elements of strategies are related with every sphere of international business operation. Selecting appropriate modes, timing the internationalization perfectly and also making correct operational decisions along with selecting destinations can turn the proper prospects into reality and utilize the competencies perfectly.



**DISCUSSION**

This model which outlines the critical success factors for the internationalization process of SMEs has strong practical implications for the operation and international expansion of SMEs. The utilization of this model is not limited only to theory development, but also in real life practice. As suggested in the model, current internationalization practices and experiences of SME owners will dictate their choices for future internationalization. Therefore, in a practical sense it is evident that SME owners or managers should utilize their current experience for making future internationalization decisions. In the process of making such decisions they should clearly evaluate the existing benefits and impediments and thereby this model will help them to assess their position as well as for making internationalization decision. In the next phase of the model, it has suggested four competencies from the literature review for developing proper internationalization competencies. Those are cluster, innovation, policy and capacity. All these traits have

strong practical implications from the perspective of not only SMEs, but also for the policy makers. The model has suggested that for proper internationalization SMEs need to be innovative, need to possess appropriate capacities, need to be backed by governmental capacities, and also have to get the membership of important networks or clusters. Therefore, in practical sense this model is urging the SME owners to develop networking, innovation, and also capacities for internationalization. In addition it is also prescribing the government and other policy makers to make policies for surging SME internationalization. In the final phase the model has incorporated four internationalization strategies for successful internationalization. Those are timing, mode, destination and operational strategies. By doing so, it is practically implying that SME owners must make effective practical decisions about those variables for making a successful entry into the international marketplace.

**CONCLUSION**

SME internationalization is one of the most highly discussed and debated issues of modern

international business research. Evaluation of critical success factors of SME internationalization therefore is an important addition to the existing literature in this scientific field. This article evaluated the critical factors with the help of literature and also utilized the researcher's own conceptualization. Such conceptualization was utilized in developing a model for elaborating the success factors and also building and presenting the multidimensional relationship among constructs. This article is also contributing for explaining the existing internationalization theories including stage and process based theories. Further, it is also contributing to assist researchers in carrying out further research and testing of the model into different internationalization contexts and backgrounds and also in different situations.

#### **Direction for Further Research**

This model represents numerous scopes for further research works utilizing this model as a basis. It also gives opportunities to develop lot of propositions for testing and carrying out research in different places of the world. First of all, several propositions which are developed in the model can be tested in different parts of the world and comparative studies also can take place for detecting the differences as far as critical success factors of the SME internationalization are concerned. For example, research can be done to test whether cluster or networking is important for SME internationalization in a same degree for SMEs of Cambodia and Germany. Additional propositions such as the importance of four strategic concerns stated in the model can be tested. That means research can be done to assess whether all the four variables are of equal importance and whether such importance varied across the countries. Apart

from these, the model also presents several others areas for further research works.

#### **REFERENCES**

- Acedo, F.J., & Jones, M.V. (2007). Speed of internationalization and entrepreneurial cognition: Insights and a comparison between international new ventures, exporters and domestic firms. *Journal of World Business, 42*, 236-252.
- Agndal, H., & Chetty, S. (2007). The impact of relationships on changes in internationalization strategies of SMEs. *European Journal of Marketing, 41* (11/12), 1449-1474.
- Agndal, H., Chetty, S., & Wilson, H. (2008). Social capital dynamics and foreign market entry. *International Business Review, 17*, 663-675.
- Ahmed, Z.U, Julian, C.C., Baalbaki, I., & Hadidian, T.V. (2006). Firm internationalization and export incentives from a Middle Eastern perspective. *Journal of Small Business & Enterprise Development, 13* (4), 660-669.
- Al-Hyari, K., Al-Weshah, G., & Alnsour, M. (2012). Barriers to internationalization in SMEs: Evidence from Jordan. *Marketing Intelligence & Planning, 30* (2), 188-211.
- Altintas, M.H., Vrontis, D., Kaufmann, H.R., & Alon, I. (2011). Internationalization, market forces and domestic sectoral institutionalization. *European Business Review, 23* (2), 215-235.
- Altintas, , M.H., Tokol, T., & Harcar, T. (2007). The effects of export barriers on perceived export performance: An empirical research on SMEs in Turkey. *EuroMed Journal of Business, 2* (1), 36-56.
- Anderson, P.H. (2006). Listening to the global grapevine: SME export managers' personal contacts as a vehicle for export information generation. *Journal of World Business, 41*, 81-96.

- Andersson, S., & Flore'n, H. (2008). Exploring managerial behavior in small international firms. *Journal of Small Business and Enterprise Development*, 15 (1), 31-50.
- Atristain, C., & Rajagopal, S. (2010). Conceptual Perspectives on Organizational Performance and Competitiveness of SMEs in Mexico. *Journal of Transnational Management*, 15, 322-349.
- Babakus, E., Yavas, U., & Haahti, A. (2006). Perceived uncertainty, networking and export performance: A study of Nordic SMEs. *European Business Review*, 18 (1), 4-13.
- Bae, S. C., & Jain, V. (2003). The effects of R and D and international expansion on the performance of U.S. industrial firms. *Corporate Finance Review*, 8, pp. 28-39.
- Balananis, G, Theodosiou, M., & Katsikea, E.S. (2004). Export marketing: developments and a research agenda. *International Marketing Review*, 21 (4/5), 363-377.
- Bari, F., Heema, A., & Haque, E. U. (2005). SME Development in Pakistan: Analysing the Constraints to Growth. *Pakistan Resident Mission Working Paper Series*, 3, pp. 15-35.
- Barnett, E., & Storey, J. (2000). Managers' Accounts of Innovation Processes in Small and Medium-sized Enterprises. *Journal of Small Business and Enterprise Development*, 7(4), pp. 315-324.
- Bilkey, W., & Tesar, G. (1977). The export behavior of smaller sized Wisconsin manufacturing firms. *Journal of International Business Studies*, 8(1), pp.93-98.
- Bloodgood, J. M., Sapienza, H. J., & Almeida, J. G. (1996). The internationalization of new high-potential U.S. ventures: antecedents and outcomes. *Entrepreneurship Theory and Practice*, 20, pp. 61-76.
- Buckley, P. J. & Casson, M. C. (1976). *The future of the multinational enterprise*, London: Macmillan.
- Buehner, R. (1987). Assessing international diversification of West German corporations. *Strategic Management Journal*, 8, pp. 25-37.
- Casillas, J.C., Moreno, A.M., Acedo, F.J., Gallego, M.A., & Ramos, E. (2009). An integrative model of the role of knowledge in the internationalization process. *Journal of World Business*, 44, 311-322.
- Cavusgil, S. T. (1980). On the internationalization process of firms. *European Research*, halshs-00692465, version 1 - 4 May 2012 18, 8(6), pp.273-281.
- Chandra, Y., Styles, C., & Wilkinson, I. (2009). The recognition of first time international entrepreneurial opportunities: Evidence from firms in knowledge-based industries. *International Marketing Review*, 26 (1), 30-61.
- Chetty, S.K., & Stang, L.M. (2010). Internationalization and innovation in a network relationship context. *European Journal of Marketing*, 44 (11/12), 1725-1743.
- Clercq, D.D., Sapienza, H.J., Yavuz., & Zhou, L. (2012). Learning and knowledge in early internationalization research: Past accomplishments and future directions. *Journal of Business Venturing*, 27, 143-165.
- Collinson, S., & Houlden, J. (2005). Decision-making and market orientation in the internationalization process of small and medium sized enterprises. *Management International Review*, 45(4), pp. 413-436.
- Cook, K. S., & Emerson, R. M. (1978). Power, equity and commitment in exchange networks. *American sociological review*, 721-739.
- Cort, K.T., Griffith, D.A., & White, D.S. (2007). An attribution theory approach for understanding the

- internationalization of professional service firms. *International Marketing Review*, 24 (1), 9-25.
- Coviello, N. E., & McAuley, A. (1999). Internationalization and the smaller firm: a review of contemporary empirical research. *Management International Review*, 39, pp. 223-256.
- Coviello, N.E., & Munro, H.J. (1997). Network Relationships and the Internationalization Process of Smaller Software Firms. *International Business Review*, 6(4), pp.361-384.
- D'Angelo, A., Majocchi, A., Zucchella, A., & Buck, T. (2013). Geographical pathways for SME internationalization: insights from an Italian sample'. *International Marketing Review*, 30 (2), 80-105.
- Daniel, E. & Wilson, H. (2002). Adoption intentions and benefits realized: A study of e-commerce in UK SMEs. *Journal of Small Business and Enterprise Development*, 9 (4), 331-348.
- Denis, D.J., Denis, D.K., & Yost, K. (2002). Global diversification, industrial diversification, and firm value. *Journal of Finance*, 57, pp. 1951-1979.
- Dhanaraj, C. A., & Beamish, P. W. (2003).Resource-based approach to the study of export performance. *Journal of Small Business Management*, 41(3), pp. 242-261.
- Dimitratos, P., Plakoyiannaki, E., Pitsoulaki, A., & Tu`selmann, H.J. (2010). The global smaller firm in international entrepreneurship. *International Business Review*, 19, 589-606.
- Dimitratos, P., Voudouris, I., Plakoyiannaki, E., & Nakos, G. (2012). International entrepreneurial culture - Toward a comprehensive opportunity-based operationalization of international entrepreneurship. *International Business Review*, 21,708-721.
- Doole, I., Grimes, T., & Demack, S. (2006). An exploration of the management practices and processes most closely associated with high levels of export capability in SMEs. *Marketing Intelligence & Planning*, 24 (6), 632-647.
- Eberhard, M., & Craig, J. (2013). The evolving role of organisational and personal networks in international market venturing. *Journal of World Business*, 48(3), 385-397.
- Elg, U., Ghauri, P.N., & Tarnovskaya, V. (2008). The role of networks and matching in market entry to emerging retail markets. *International Marketing Review*, 25 (6), 674-699.
- Evers, N., & Knight, J. (2008). Role of international trade shows in small firm internationalization: A network perspective, *International Marketing Review*, 25 (5), 544-562.
- Fillis, I., Johannson, U., & Wagner, B. (2004). Factors impacting on e-business adoption and development in the smaller firm. *International Journal of Entrepreneurial Behavior and Research*, 10 (3), 178-191.
- Fillis, I., Johannson, U., & Wagner, B. (2004). A qualitative investigation of smaller firm e-business development. *Journal of Small Business and Enterprise Development*, 11 (3), 349-361.
- Fink, M., & Kraus, S. (2007). Mutual trust as a key to internationalization of SMEs, *Management Research News*, 30 (9), 674-688.
- Fornes, G., Cardoza, G., & Xu, S. (2012). The national and international expansion of Chinese SMEs: Evidence from Anhui Province. *Journal of Chinese Entrepreneurship*, 4 (3), 221-242.
- Freeman, S., Deligonul, S., & Cavusgil, T. (2013). Strategic re-structuring by born-globals using outward and inward-oriented activity. *International Marketing Review*, 30 (2), 156-182.
- Gabrielsson, M., Sasi, V., & Darling, J. (2004). Finance strategies of rapidly-growing Finnish SMEs: Born Internationals and Born Globals.

- European Business Review*, 16 (6), 590-604.
- Geringer, M. J., Beamish, P. W., & daCosta, R. C. (1989). Diversification strategy and internationalization: implications for MNE performance. *Strategic Management Journal*, 10, 109-119.
- Geringer, M. J., Tallman, S., & Olsen, D. M. (2000). Product and international diversification among Japanese multinational firms. *Strategic Management Journal*, 21, 51-80.
- Ghuri, P., Lutz, C., & Tesfom, G. (2003). Using networks to solve export-marketing problems of small - and medium - sized firms from developing countries. *European Journal of Marketing*, 37 (5/6), 728-752.
- Gleason, K., Madura, J., & Wiggenhorn, J. (2006). Operating characteristics, risk, and performance of born-global firms. *International Journal of Managerial Finance*, 2 (2), 96-120.
- Gray, J.H., Densten, I.L., & Sarros, J.C. (2003). Size matters: Organizational culture in small, medium, and large Australian organisations. *Journal of Small Business and Entrepreneurship*, 17, 31-46.
- Greenaway, D. S. Girma, & Kneller, R. (2004). Does exporting increase productivity? A micro econometric analysis of matched firms. *Review of International Economics*, 12(2), 855-866.
- Gregorio, D.D., Musteen, M., & Thomas, D.E. (2008). International new ventures: The cross-border nexus of individuals and opportunities. *Journal of World Business*, 43, 186-196.
- Grimes, A., Doole, I., & Kitchen, P.J. (2007). Profiling the capabilities of SMEs to compete internationally. *Journal of Small Business and Enterprise Development*, 14 (1), 64-80.
- Gumede, V., & Rasmussen, K. (2002). Small manufacturing enterprises and exporting in South Africa: A preliminary assessment of key export success factors. *Journal of Small Business and Enterprise Development*, 9 (2), 162-171.
- Haskell, S.V.N., & Pons, F. (2012). Going global: how smaller enterprises benefit from strategic alliances. *Journal of Business Strategy*, 33 (5), 22-31.
- Hermel, P., & Khayat, I. (2011). The role of resources: Micro-firms internationalization in the French context. *Journal of Small Business and Enterprise Development*, 18 (2), 298-310.
- Hewapathirana, G.I. (2011). The role of social identity in internationalization of women-owned small businesses in Sri Lanka. *Journal of Asia Business Studies*, 5 (2), 172-193.
- Hitt, M. A., Beamish, P. W., Jackson, S. E., & Mathieu, J. E. (2007). Building theoretical and empirical bridges across levels: Multilevel research in management. *Academy of Management Journal*, 50(6), 1385-1399.
- Huang, B., & Xue, X. (2012). An application analysis of cluster supply chain: a case study of JCH'. *Kybernetes*, 41 (1/2), 254-280.
- Hutchinson, K., & Quinn, B. (2012). Identifying the characteristics of small specialist international retailers. *European Business Review*, 24 (2), 106-119.
- Hutchinson, K., Fleck, E., & Lloyd-Reason, L. (2009). An investigation into the initial barriers to internationalization: Evidence from small UK retailers. *Journal of Small Business and Enterprise Development*, 16 (4), 544-568.
- Hutchinson, K., Quinn, B., & Alexander, N. (2006). The role of management characteristics in the internationalisation of SMEs: Evidence from the UK retail sector. *Journal of Small Business & Enterprise Development*, 13 (4), 513-534.
- Ibeh, K.I.N. (2003). On the internal drivers of export performance among Nigerian

- firms: Empirical findings and implications. *Management Decision*, 41 (3), 217-225.
- Jantunen, A., Nummela, N., Puumalainen, K., & Saarenketo, S. (2008). Strategic orientations of born globals-do they really matter? *Journal of World Business*, 43, 158-170.
- Jaussaud, J., & Schaaper, J. (2006). Control mechanisms of their subsidiaries by multinational firms: A multidimensional perspective. *Journal of International Management*, 12, 23-45.
- Johanson, J., & Mattson, L.G. (1988). Internationalization in industrial systems – a network approach. In Hood, N., and Vahlne, J. E. (Eds), *Strategies in Global Competition*, CroomHelm, New York, pp. 287 -314.
- Johanson, J., & Vahlne, J.E. (1977), The internationalization process of the firm: a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, Spring/Summer, 23-32.
- Johnsen, R.E. (2007). The role of focal suppliers in strategic networks for internationalization: Perspectives from small and medium-sized Italian and Thai silk suppliers. *Journal of Fashion Marketing and Management*, 11 (1), 135-147.
- Karaev, A., Koh, S.C.L., & Szamosi, L.T. (2007). The cluster approach and SME competitiveness: A review. *Journal of Manufacturing Technology Management*, 18 (7), 818-835.
- Karra, N., Phillips, & Tracey, P. (2008). Building the born global firm: Building entrepreneurial capabilities for international new venture success. *Long Range Planning*, 41, 440-458.
- Kenny, B., & Fahy, J. (2011). Network resources and international performance of high-tech SMEs. *Journal of Small Business and Enterprise Development*, 18 (3), 529-555.
- Khayat, I. (2004). L'internationalisation des PME: vers une approche intégrative, 7ème Congrès International Francophone en Entrepreneuriat et PME, octobre 2004, Montpellier.
- Knowles, D., Mughan, T., & Lloyd-Reason, L. (2006). Foreign language use among decision-makers of successfully internationalised SMEs: Questioning the language-training paradigm. *Journal of Small Business & Enterprise Development*, 13 (4), 620-641.
- Koçksal, M.H. (2006). Export training: a preliminary investigation of Turkish companies. *European Business Review*, 18 (5), 382-394.
- Kocak, A., & Abimbola, T. (2009). The effects of entrepreneurial marketing on born global performance. *International Marketing Review*, 26 (4/5), 439-452.
- Kontinen, T., & Ojala, A. (2010). Internationalization pathways of family SMEs: psychic distance as a focal point, *Journal of Small Business and Enterprise Development*, 17 (3), 437-454.
- Kontinen, T., & Ojala, A. (2012). Internationalization pathways among family-owned SMEs. *International Marketing Review*, 29 (5), 496-518.
- Lages, L.F., & Montgomery, D.B. (2004). Export performance as an antecedent of export commitment and marketing strategy adaptation Evidence from small and medium-sized exporters. *European Journal of Marketing*, 38 (9/10), 1186-1214.
- Lan, Q., & Wu, S. (2010). An empirical study of entrepreneurial orientation and degree of internationalization of small and medium-sized Chinese manufacturing enterprises. *Journal of Chinese Entrepreneurship*, 2 (1), 53-75.
- Li, L., & Qian, G. (2007). Partnership or self-reliance: prescriptions for small and

- medium-sized enterprises. *Journal of Business Strategy*, 28 (6), 29-33.
- Li, L., Qian, G., & Qian, Z. (2012). Early internationalization and performance of small high-tech “born-globals”. *International Marketing Review*, 29 (5), 536-561.
- Man, T.W.Y., Lau, T., & Chan, K.F. (2002). The competitiveness of small and medium enterprises: A conceptualization with focus on entrepreneurial competencies. *Journal of Business Venturing*, 17 (2), 123-142.
- Man, W.Y.T., Lau, T., & Snape, E. (2008). Entrepreneurial competencies and the performance of small and medium enterprises: An investigation through a framework of competitiveness. *Journal of Small Business and Entrepreneurship*, 21 (3), 257-276.
- Maurel, C. (2009). Determinants of export performance in French wine SMEs. *International Journal of Wine Business Research*, 21 (2), 118-142.
- Michna, A. 2009. The relationship between organizational learning and SME performance in Poland. *Journal of European Industrial Training*, 33 (4), 356-370.
- Miocevic, D., & Crnjak-Karanovic, B. (2011). Cognitive and Information-Based Capabilities in the Internationalization of Small and Medium-Sized Enterprises: The Case of Croatian Exporter. *Journal of Small Business Management*, 49 (4), 537-557.
- Miocevic, D., & Crnjak-Karanovic, B. (2012). Global mindset – a cognitive driver of small and medium-sized enterprise internationalization: The case of Croatian exporters. *EuroMed Journal of Business*, 7 (2), 142-160.
- Mohr, A., & Shoobridge, G.E. 2011. The role of multi-ethnic workforces in the internationalization of SMEs. *Journal of Small Business and Enterprise Development*, 18 (4), 748-763.
- Mort, G.S., & Weerawardena, J. (2006). Networking capability and international entrepreneurship: How networks function in Australian born global firms. *International Marketing Review*, 23 (5), 549-572.
- Mort, G.S., Weerawardena, J., & Liesch, P. (2012). Advancing entrepreneurial marketing: Evidence from born global firms. *European Journal of Marketing*, 46 (3/4), 542-561.
- Mort, G.S., Weerawardena, J., & Liesch, P. (2012). Advancing entrepreneurial marketing: Evidence from born global firms. *European Journal of Marketing*, 46 (3/4), 542-561.
- Mtigwe, B. (2005). The entrepreneurial firm internationalization process in the Southern African context: A comparative approach. *International Journal of Entrepreneurial Behaviour & Research*, 11 (5), 358-377.
- Musteen, M., Francis, J., & Datta, D.K. (2010). The influence of international networks on internationalization speed and performance: A study of Czech SMEs. *Journal of World Business*, 45, 197-206.
- Neupert, K.E, Baughn, C.C., & Dao, T.T.L. (2006). SME exporting challenges in transitional and developed economies. *Journal of Small Business and Enterprise Development*, 13 (4), 535-545.
- O’Cass, A., & Weerawardena, J. (2009). Examining the role of international entrepreneurship, innovation and international market performance in SME internationalization. *European Journal of Marketing*, 43 (11/12), 1325-1348.
- Pantin, F. (2005). La conduite de processus d’internationnalisation par l’équipedirigeante :entre competences stratégiques et competences opérationnelles, XIVième,Conférence Internationale de Management Stratégique, Angers, France.
- Park, T., & Rhee, J. (2012). Antecedents of knowledge competency and performance in born globals: The

- moderating effects of absorptive capacity. *Management Decision*, 50 (8), 1361-1381.
- Pett, T., Francis, J., & Wolff, J. (2004). Examining SME internationalization motives as an extension of competitive strategy. *Journal of Business and Entrepreneurship*, 16(1), pp.46-65.
- Pinho, J.C. (2007). The impact of ownership: Location-specific advantages and managerial characteristics on SME foreign entry mode choices. *International Marketing review*, 24(6), 715-734.
- Ripolle's, M., Blesa, A., & Monferrer, D. (2012). Factors enhancing the choice of higher resource commitment entry modes in international new ventures. *International Business Review*, 21, 648-666.
- Rocha, Ad, Mello, RCd, Pacheco, H., & Farias, I. A (2012). The international commitment of late-internationalizing Brazilian entrepreneurial firms. *International Marketing Review*, 29 (3), 228-252.
- Ruokonen, M., & Saarenketo, S. (2009), The strategic orientations of rapidly internationalizing software companies. *European Business Review*, 21 (1), 17-41.
- Rutashobya, L., & Jaensson, J-E. (2004). Small firms' internationalization for development in Tanzania: Exploring the network phenomenon. *International Journal of Social Economics*, 31 (1/2), 159-172.
- Ruzzier, M., Hisrich, R.D., & Antonic, B. (2006), SME internationalization research: past, present and future. *Journal of Small Business Enterprise Development*, 13(4), pp.476-497.
- Sakarya, S., Eckman, M., & Hyllegard, K.H. (2007). Market selection for international expansion: Assessing opportunities in emerging markets. *International Marketing Review*, 24 (2), 208-238.
- Salahuddin, A, Khan, F.K., & Akram, T. (2008). Legal, Regulatory, and Administrative Constraints to Employment Creation by Small & Medium Enterprises in Bangladesh. Paper prepared for JOBS project, World Bank, Industrial Strategy Study: A Nationwide Industrial Survey.
- Sandberg, S. (2013). Emerging market entry mode pattern and experiential knowledge of small and medium-sized enterprises. *International Marketing Review*, 30 (2), 106-129.
- Shamsuddoha, A.K., Ali, M.Y., & Ndubisi, N.O. (2009). Impact of government export assistance on internationalization of SMEs from developing nations. *Journal of Enterprise Information Management*, 22 (4), 408-422.
- Shirokova, G., Vega, G., & Sokolova, L. (2013). Performance of Russian SMEs: Exploration, exploitation and strategic entrepreneurship. *Critical perspectives on international business*, 9 (1/2), 173-203.
- Sinha, P., Akoorie, MIEM, Ding, Q., & Wu, Q. (2011). What motivates manufacturing SMEs to outsource offshore in China? Comparing the perspectives of SME manufacturers and their suppliers, Strategic Outsourcing. *An International Journal*, 4 (1), 67-88.
- Sinkovics, N., Sinkovics, R.R., & Jean, R-JB (2013). The internet as an alternative path to internationalization? *International Marketing Review*, 30 (2), 130-155.
- Su, L., & Adams, J. (2010). Export capacity impact factors on Chinese SMEs: A survey analysis of Fujian Province. *Journal of Chinese Economic and Foreign Trade Studies*, 3 (1), 54-70.
- Suarez-Ortega, S., & Alamo-Vera, F. (2005). SMEs' Internationalization: firms and managerial factors. *International Journal of Entrepreneurial Behaviour & Research*, 11(4), pp. 258-279.

- Todd, P.R., & Javalgi, R.G. (2007). Internationalization of SMEs in India: Fostering entrepreneurship by leveraging information technology. *International Journal of Emerging Markets*, 2 (2), 166-180.
- Ural, T. (2009). The effects of relationship quality on export performance: A classification of small and medium-sized Turkish exporting firms operating in single export-market ventures. *European Journal of Marketing*, 43 (1/2), 139-168.
- Vaaland, T.I., & Heide, M. (2007). Can the SME survive the supply chain challenges? *Supply Chain Management: An International Journal*, 12 (1), 20-31.
- Varga, S., Vujisic, D., & Zdravkovic, M. (2013). State aid for innovation clusters in the Republic of Serbia. *International Journal of Public Sector Management*, 26 (2), 102-110.
- Williams, J.E.M. (2006). Export marketing information-gathering and processing in small and medium-sized enterprises. *Marketing Intelligence & Planning*, 24 (5), 477-492.
- Zahra, S. A., Ireland, D. R., & Hitt, M. A. (2000). International expansion by new venture firms: international diversity, mode of market entry, technological learning, and performance. *Academy of Management Journal*, 43: pp. 925-950.
- Zahra, S.A., Korri, J.S., & Yu, J. (2005). Cognition and international entrepreneurship: implications for research on international opportunity recognition and exploitation. *International Business Review*, 14, 129-146.
- Zeng, S., Xie, X.M., Tam, C.M., & Wan, T.W. (2009). Relationships between business factors and performance in internationalization: An empirical study in China. *Management Decision*, 47 (2), 308-329.
- Zeng, S.X., Xie, X.M., Tam, C.M., & Wan, T.W. (2008). Competitive priorities of manufacturing firms for internationalization: an empirical research. *Measuring Business Excellence*, 12 (3), 44-55.

**Tarun Kanti Bose** is a PhD candidate in the International Business and Entrepreneurship Cluster of Adam Smith Business School in the University of Glasgow. His research interests are mainly in the areas of International Business, Entrepreneurship-Linked with Development. He is also an Assistant Professor (on study leave) at Business Administration Discipline in Khulna University, Bangladesh. Tarun mostly enjoys teaching Economics. Apart from that International Business, Entrepreneurship, Strategy is also included in his favourite teaching subjects.

Table 1: Summary of Critical Success Factors of SME Internationalization from Recent Literatures

Broad Success Factors	Author/s	Variables Covered	Broad Success Factors	Author/s	Variables Covered
Network, Alliance, Clusters	Gumede & Rasmussen, 2002	Linkage, Network, Joint Venture	Network, Alliance, Clusters	Li & Qian, 2007	Partnership, strategic alliance
	Ghauri et al, 2003	Network for export marketing		Agndal & Chetty, 2007	Relationship for various aspects
	Zahra et al, 2005	Collaboration for funding		Sinha et al, 2011	Network, alliance for manufacturing
	Anderson, 2006	Personal network for information		Huang & Xue, 2012	Cluster in supply chain management
	Mort & Weerawardena, 2006	Network for identification		Eberhard & Craig, 2012	Inter-organizational network
	Johnsen, 2007	Suppliers relationship		Haskell & Pons, 2012	Strategic alliance
	Karaev et al, 2007	Cluster in industrialized economy		Varga et al, 2013	Innovation cluster for competitiveness
Capacity Building	Daniel & Wilson, 2002	E-commerce adoption	Capacity Building	Ko'ksal, 2006	Technical and practical trainings
	Man et al, 2002	Four capability constructs		Knowles et al, 2006	Language and cultural ideas
	Fillis et al, 2004	E-business and E-marketing		Musteen et al, 2010	Geographical diversifications
	Fillis et al, 2004	E-business for overseas operation		Kennyand, 2011	Relationship among human capital
	Gabrielsson et al, 2004	Finance management capabilities		Sinkovics et al, 2013	Online channel support for marketing
Benefits & Barriers	Altintas et al, 2007	Existing impediments	Benefits & Barriers	Hutchinson et al, 2009	Internal and external barriers
	Grimes et al, 2007	Profiling and benchmarking		Kontinen & Ojala, 2010	Psychic distances
	Lages & Montgomery, 2004	Past performance and history		Hewapathirana, 2011	Social identity of women SME owners
	Ural, 2009	Financial, strategic export record		Al-Hyari et al, 2012	Barriers to internationalization
Future Prospects	Cort et al, 2007	Motivating factors for managers	Future Prospects	Mort et al, 2012	Scope for innovation and enhancement
	Babakus et al, 2006	Prospects, uncertainties, risks		Rocha et al, 2012	Inter-linkage among resource affluent
	Chandra et al, 2009	Entrepreneurship opportunity		Park & Rhee, 2012	Scope for knowledge competencies
	Miocevic & Karanovic, 2011	Cognitive complexities			
Timing of Internationalization	Hutchinson et al, 2006	Path, pace for internationalization	Timing of Internationalization	Williams, 2006	Ambitious internationalization
	Hermel & Khayat, 2011	Leveraging internationalization		Clercq et al, 2012	Knowledge-early internationalization
	D'Angelo et al, 2013	Geographical pathways for timing		Freeman et al, 2013	Re and de-internationalization