

# **SCOPE Framework for SME internationalization**

## **Abstract**

We propose a new typology- SCOPE framework to postulate strategies for Small and Medium Enterprises (SMEs) to compete and succeed in the global market. The present study employs a multiple case study method and is based on semi-structured interviews with senior managers of three SMEs from different countries. It was found that SMEs face internal and external challenges. SCOPE in the new framework stands for Strategies to analyze the Challenges, Opportunities, and Problems to succeed in Exporting. This is complemented by a Pentagon model. This framework could be employed as a theoretical lens to critically examine the survival and fitness of SMEs .

**Keywords: SME; Competitiveness, Exporting, Internationalization; Strategies; Framework**

## **1. INTRODUCTION**

The globalization has brought about many challenges, across the countries and markets (Buckley & Ghauri, 2004). In this era of internationalization, small and medium sized enterprises (“SMEs”) are crucial to any country’s development (Peters & Waterman, 1982; Amini, 2004; Radam et al., 2008). Current changes in the global economy contribute to challenges and opportunities for SMEs (Dominguez & Mayrhofer, 2017). It is widely recognized that small firms contribute a substantial share in an economy (McPherson & Holt, 2007). SMEs provide significantly to the employment growth and innovation (Pavitt et al., 1987). Institutions play an important role in supporting SMEs (Hitt, Li & Xu, 2016). Nevertheless, SMEs face competition from large local and foreign firms. Small firms’ relative strengths are mostly behavioral,

including entrepreneurial dynamism, flexibility, efficiency, and quick decision-making while large firms' have economies of scale, scope, marketing skills, and financial and technological resources. Large firms have a competitive advantage in international markets since they respond better to trade barriers than SMEs and are equipped with more resources (Beamish, 1990; Wolff & Pett, 2000).

Researchers hold differing views concerning the strengths and weaknesses of SMEs involved in international business (Soriano & Dobon, 2009; Paul, Parthasarathy & Gupta, 2017). Cadogan et.al (2002) found that export experience, export dependence and co-ordinating capabilities are positively related to export market oriented activities, which in turn influences the export performance. However, highlighting the effect of firm size on export activity, Fillion & Pickerill (1990) confirm that firm size shapes perceptions of trade barriers. Kastikeas and Leonidou (1996) reviewed the main models on the export behavior of firms, identified their structural characteristics, analyzed the key conceptual issues, and called for future research harnessing eclectic contribution grounded in theory building.

Lu and Beamish (2001) analysed the effects of internationalization on the performance of SMEs and found that in order to overcome the challenges when entering into foreign markets, it is crucial to make an effective strategy by making alliances with partners who have local knowledge. Typically large firms that possess wide resources and capabilities (such as export departments and managerial know-how), tend to successfully carry out export activities, and are expected to overcome difficulties than smaller firms (Ruzzier et.al, 2006; Morgan & Katsikeas, 1997). These export-related problems include both factors that prevent non-exporters from implementing an export strategy, as well as hindrances encountered by existing exporters. SMEs

often fail in international business operations, which, in turn, result in financial loss (Ghauri & Kumar, 1989). As an extension of prior research on the problems and challenges of SMEs, recent research has examined this issue using firm level, national level, and international level data (Manalova, Manev & Gyoshev, 2009; Musteen, Francis, & Datta, 2010; Noidman & Toistoy, 2014; Dikova et.al, 2016). However, research gaps remain. First, despite the widespread recognition of the need to achieve competitiveness for SMEs (Bettiol, et.al, 2012; O'Dwyer et.al, 2009; Knight, 2001; Diamantopoulos et.al, 1993) prior research has not resulted in robust frameworks. Second, there is no consensus about what type of strategies are required for successful internationalization of SMEs. Third, there are contradictory results of research studies on the relationship between internationalization and performance of SMEs, though most indicate positive relationship.

The motivation for developing a new framework arises for a variety of reasons. Some of these reasons include: i) Although many researchers have used well-known internationalization and growth models such as Uppsala/ Born Global/ International New Venture for analysis of small and medium enterprises, it is difficult to apply all those models in all situations across the industries and countries due to several reasons including data availability and unique features of industry context ii) A need exists for more adequate re-conceptualization of marketing strategy research, action, and practice as well as how they interrelate (Chin & Holt, 2016). Models developed decades ago are not taking into consideration the challenges brought about by the forces of globalization on small firms; iii) There is a need for a more robust framework as the expanding body of research in entrepreneurship creates the need for new typologies (De Bruin, Brush & Welter, 2007). The traditional frameworks such as Strength, Weakness, Opportunity and Threat (SWOT) or Political, Economic, Social, Technological, Environmental and Legal

(PESTEL) frameworks do not offer a set of strategies for firms to succeed whereas in our new framework we offer 5 strategies for small firms to compete; iv) Applying comprehensive theories to decisions and processes involved with the internationalization of small firms could be difficult and consequently results in calls for more exploratory research and for new frameworks covering different dimensions of business (Jones, Coviello and Tang, 2011; Paul, Parthasarathy & Gupta, 2017).

Available internationalization process models have not fully captured the phenomenon of accelerated international growth of firms (Freeman et.al, 2010; Dominguez & Mayrhofer, 2017), despite remarkable studies (Weerawardena et.al, 2007; Zhou et.al, 2007; Moen & Servais, 2002). Taking into account this assertion, through this paper we seek to make contributions to the literature based on the awareness of SMEs' competitiveness that can be achieved, by internationalization. First, we conceptualize and propose a new framework titled "SCOPE" (Strategies to analyze the Challenges, Opportunities, and Problems to succeed in Exporting) for SMEs to devise and implement strategies for survival and success. The first letter, S, in SCOPE stands for strategies which are defined in terms of a 5S Pentagon strategic model within the SCOPE framework. The SCOPE framework will provide internationalization guidelines for low-technology SMEs (as the "born global" model already aids high-tech SMEs' internationalization), which is necessary considering the globalization pressures on SMEs. Second, we shed light on the potential of the new framework for academia and industry, proposing 5 strategies to analyze the problems of SMEs and foster long-term competitiveness. Third, we critically examine the problems and challenges of SMEs based on the established theoretical models. Fourth, we extend the scope of those models to understand the process of

growth and the internationalization of SMEs, responding to calls to fill the gaps in the literature on conceptual articles (Yadav, 2010; Laufs and Schwens, 2014).

This article is structured as follows: The subsequent section reviews the literature on theoretical models related to internationalization of SMEs. Section three describes our case study methodology, focusing on our sample selection, data collection, and analysis. Section four describes the firm profile, strategies, challenges faced by each of our sample firms, and develops the SCOPE model. Lastly, section five concludes the article.

## **2. THEORETICAL INSIGHTS AND LITERATURE REVIEW**

### **2.1 Definition of SME, Growth and Internationalization.**

The term “SME” may be broadly defined as a business that maintains certain revenue or a particular number of employees below a certain level. In the United States, one may not readily identify an SME as SMEs’ qualifications are industry-specific. However, in the European Union, an SME is any business with fewer than 250 employees (Investopedia, 2015).

The definition of “internationalization” varies in accordance with the observed phenomena. For instance, Penrose (1959) defined internationalization as firms’ core competences and opportunities in the foreign environment. By contrast, Johanson and Vahlne (1977) and Welch and Luostarinen (1988) conceptualized internationalization as the process by which firms increase their international market commitments. Thereafter, Calof and Beamish (1995) defined internationalization as “the process of adapting a firm’s operations (strategy, structure, resource, etc) to international environments”. Prior researchers (Ribau, Moreira and Raposo, 2016; Paul, Parthasarathy & Gupta, 2017) reviewed conceptual and empirical studies on

the internationalization of small and medium-sized firms and found that there are significant research gaps remaining in this area.

In the next sub-section, a snapshot of the widely accepted theoretical models that have been used in SME internationalization research is presented.

## **2.2 Review of Theoretical Models**

In this section, we provide theoretical insights and perspectives on the internalization of firms from the perspective of SMEs as the basis to build the SCOPE framework proposed for analysis of the firm and industry. The popular theories and models widely used in SME internationalization research can be specified as the: i) Uppsala Model; ii) Network Approach; iii) Born Global Model; iv) Structure-Conduct Performance (SCP) model; v) Resource Based View (RBV); vi) Antecedents of Export Venture Performance Model and vii) Innovation Oriented Internationalization model. These theories and models can be discussed as follows:

### ***2.2.1 Uppsala model.***

The Gradual internationalization (Uppsala) model postulates that SMEs go through a gradual internationalization process (e.g., Carlson, 1975; Johansson & Vahlne, 1977; Johansson & Wiedersheim-Paul, 1975; Welch & Luostarinen, 1988; Welch & Wiedersheim-Paul, 1980). Johansson and Vahlne (1977) suggested that firms tend to begin their internationalization in markets that have a short psychic distance (countries with a similar language, culture, and political system to the firms' home country (Johanson & Wiedersheim-Paul, 1975). They indicated that these firms followed a pattern of gradual acquisition, integration, and the use of knowledge about foreign markets and its operation. Since the business environment has changed,

perception has evolved and a complex network of relationships has emerged over the years (Johanson & Vahlne, 2009).

### ***2.2.2 Network approach.***

SME's internationalization differs significantly from the established multinational enterprises due to limited resources and market power compared to MNEs (Coviello, 2005; Musteen, Francis & Datta, 2010). Johansson and Mattson (1988) argued that network relationships help the firms for internationalization. Other researchers have recognized that network approach is an important and critical strategy that facilitates the SME internationalization (Chetty & Holm, 2000; Loanne & Bell, 2006). As well, Mitgwe (2006) proposed the network approach, which states that firms' networks facilitate quick internationalization. This approach is based on the notion that SMEs use their networks as a source of market information and knowledge, which are often acquired over long periods, when no relationships with host countries exists. Via their networks, firms establish close relationships with customers, become acquainted with the industry (including suppliers and distributors), and become familiar with regulatory and public agencies in the foreign market. These customer relationships are anchored on mutual trust, knowledge, and commitment. Debrulle and Maes (2015) show that professional networking directly drives the start-up export intensity using data from Flemish small firms. It was also found that management experience is a positive antecedent of this kind of networking.

### ***2.2.3 Born Global/ International New Ventures model.***

Firms that are referred to as international new ventures ("INVs") or born global internationalize soon after inception. McDougall and Oviatt (1994) defined INVs as businesses that, at the outset, derive significant competitive advantage from resources and sales in several countries. Coviello and Munro (1992) reported that INVs result from managements' international

awareness and ability to meet international market demands. Some factors that aid firms' internationalization are new market conditions, technological developments, managements' entrepreneurial prowess, and the international network relationships (Madsen & Servais, 1997).

Knight and Cavusgil (1996) suggested that INVs/Born Globals could be small firms striving for technology-based competitive advantages in multiple international markets since inception. However, McDougall and Oviatt (1997) found that INVs are not industry-specific and often offer innovative products and/or services, granting them a competitive advantage in foreign markets that need their offerings. If a firm goes global and makes at least 25 percent of their revenue from foreign markets in the first three years of their inception, it can be classified as a born global firm (Knight, Madsen and Servais, 2004). It is worth noting that none of the sample firms in this study follow the born global model, which implies that they follow the traditional firms following gradual internationalization model through exporting.

#### **2.2.4 Structure-Conduct-Performance (SCP) Paradigm**

The SCP paradigm posits that two sets of antecedents determine the firm performance. The main antecedent that the firm has to face is the structural characteristics of the markets that sets the competitive intensity (or rivalry) In the exporting firm's foreign market context, competitive intensity concerns the degree to which rivals in the target marketplace are able to respond to the actions of the firm's export venture (e.g., Jaworski and Kohli 1993; Porter 1980). The second antecedent is the firm's ability to achieve and sustain positional advantages through the efficient and effective execution of a planned competitive strategy (Porter 1980, 1985).

### **2.2.5 Resource Based View (RBV)**

The RBV focuses on availability of resources as central to understanding firm performance (e.g., Amit and Shoemaker, 1993; Peteraf, 1993). In this domain, theoretical contributions regarding dynamic capabilities distinguish between capabilities and other types of resources available to the firm (e.g., Makadok 2001; Teece, Pisano, and Shuen, 1997). Based on the exporting context, the main raw materials available to the firm for producing the exportable goods are resources (e.g., Black and Boal, 1994; Peteraf, 1993; Morgan, Kaleka and Kastikeas, 2004).

### **2.2.6 Antecedents of Export Venture Performance Model**

The fast growth of global exports has gathered the attention of researchers on the factors associated with a firm's export performance and the success of the firm (Morgan, Kaleka and Kastikeas, 2004). Taking into consideration these developments, Morgan, Kaleka and Kastikeas (2004) developed a comprehensive theoretical model of key antecedents of export venture performance integrating insights from the SCP model and RBV and drawing on fieldwork and literature-based insights to specify relevant constructs. The level of competitive intensity is an key determinant of market attractiveness for the SCP model (e.g., Porter 1980, 1985), whereas RBV theory treats competitive intensity as a less significant issue (Morgan et.al, 2004). The main premise of their model (Morgan et.al, 2004) is that export ventures can achieve positional advantages in foreign markets and, in turn, superior performance by allocating available resources and capabilities while pursuing appropriate competitive strategies (Morgan et.al, 2004).

### **2.2.7. Innovation Oriented Internationalization Model**

Rippolez-Melia, Bleza-Perez and Roig-Dobon (2010) have shown that innovation orientation accelerates the pace of globalization of SMEs. Their empirical results based on Spanish SMEs show that in order to help firms opt for high-control entry modes in foreign markets; there are two different models of internationalization. The initial model being gradual internationalization and the second one being innovation oriented internationalization. Similarly, Salomon (2006) examined the relationship between export strategies and innovative productivity and contended that firms who export to developed countries will experience increased innovative productivity.

### **2.3 Review of Studies**

There are several studies highlighting the challenges faced by SMEs and identifying research gaps. Paul, Parthasarathy and Gupta (2017) reviewed the challenges that SMEs encounter when exporting and outlined a future research agenda with reference to theory development, methodology and contexts. Martineau & Pastor-iza (2015) reviewed the state of research on SMEs and their international involvement and found that, despite significant progress in the research pertaining to SME's internationalization, the advances have been uneven. Kahiya and Dean (2016) ascertained the effect of exporting obstacles based on a sample of 145 exporting firms from New Zealand and tested seven hypothesis on the relationship between stages of export development and export barriers. They found that resource constraints, marketing barriers, knowledge, experience and export-procedure barriers, are "export stage dependent while no inverse relationship between export stages and the influence of export barriers were reported". Cahen et.al (2016) based on a survey of top Brazilian new technology-based firms (NTBFs) on barriers to internationalization identified three types of barriers; i)

SMEs' external institutional barrier (considered as part of challenges in SCOPE framework); ii) internal organizational capability barrier and iii) human resource challenges (ii and iii are considered as part of problems in the SCOPE framework). Cardoza et. al (2015) studied host destination regulations, preferences, tariff, familiarity, paper work, socio-cultural, personal, state support, manufacture, local government & retail to understand the determinants of international expansion of SMEs from Latin America. They found that national regulations, economic environment and limited information on external markets are the real barriers in Brazil, Columbia and Peru. Similarly, Cardoza and Fornes (2011) studied the effect of internal and external barriers on the export performance of Chinese SMEs and reported that several internal and external barriers related to product, international logistics and finance hinder the process of SME internationalization. Therefore, we posit the following propositions:

Proposition (P1a): SMEs face internal problems such as organizational capability, financial constraints, marketing barriers, and human resource barriers.

Proposition (P1b): SMEs often face external barriers such as institutional barriers in many countries.

Landau et.al (2016) studied the German medium-sized firms that are market leaders and how they leveraged institutions to internationalize. They argue that firms need to be aware of the institutional support, access it, decide to adopt it, and fully exploit it in their home countries to leverage institutions for internationalization. Torres et al. (2016) conducted a study of 441 Portuguese exporters that take the benefit of home country support measures towards

internationalization (HCSMIs) using data on 11 types of HCSMIs and reported that firms avail incentives not to cope with deficiencies but do so to de-risk themselves. Hence,

Proposition 2 (P2): Success of SMEs, to a great extent, depends upon institutional support measures in their home countries and how they learn to leverage them.

Oura et al. (2015) examined how innovation capacity and global experience impact the internationalization of small and medium-sized enterprises (SMEs) in Brazil and showed that innovation capacity has low impact on export performance than international experience. Manager's international experience and manager's motivation influence the decisions on initiation for exporting (Boermans & Roelfs-ema, 2013; Sala & Yalcin, 2015; Wood et.al, 2015). Structural and relational social capital can have a significant effect on the internationalization of small and medium enterprises (SMEs) (Musteen et al., 2010). Musteen, Datta and Butts (2014), based on a sample of 169 SMEs in the Czech Republic found that firms with chief executive officers who exhibited have higher knowledge of foreign markets, had strong and diverse international networks. This knowledge had a positive impact on the firm's performance. Antoldi et.al (2013) threw light on the role of intangible resources, export consortia, firm's relationships, strategy and development for achieving export competitiveness. Similarly, Uner et.al (2013) explored if export impediments are uniform for all firms and showed that perceived barriers differ mainly between firms in the domestic marketing & pre-export stages and for born global firms. Kyvik (2011) examined the effect of a global mindset of small-firm decision makers on their firms' internationalization behavior using a conceptual model. Kyvik applied a structural equation model based on cross-sectional data from small Norwegian and Portuguese firms and

found that the main driver of a firm's internationalization is a global mindset. Similarly, Felício et al. (2012) identified the factors (entrepreneur's education level, firm performance in the home and the potential for growth at home market) that constitute the global mindset and resultant internationalization of small Portuguese companies. Hence,

Proposition 3 (P3): International Experience of managers and/or owners, international networks and relationships, and a global mindset have positive impact on the performance of SMEs.

On the other hand, Hagen et.al (2012) highlighted the need for a clear and proactive strategic orientation (marketing, innovation, sales, and product) and its consistency with business strategy, which leads to improved international marketing performance of SMEs. Lee at.al (2012) examined the impact of internationalization on the survival of SMEs using data from 1,612 South Korean SMEs and found that sales internationalization (exports) is associated with better survival prospects and external relationships and can help counter survival threats. Dikova et.al (2016), using a sample of SME exporters from Slovenia, found that firm performance is positively related with a diversified export strategy in terms of product, market, and export intensity, although with decreasing returns. Thus;

Proposition 4 (P4): Internationalization, export strategy and export intensity have positive impacts on the survival and performance of SMEs.

We now turn to a discussion of the factors that drive SME internationalization and the method used in this study.

### 3. METHOD

Many researchers have studied factors influencing SME internationalization (Autio, Sapienza & Almeida, 2000; Lu & Beamish, 2001; Anderson, Gabrielson & Victor, 2004; Golovko & Valentini, 2011; Harms, & Schiele, 2012; Alon et.al, 2013). Moreover, the extant literature shows a long-standing assumption that most firms internationalize gradually after gaining domestic expertise and growth (Etemad & Wright, 2003). Rettab and Rao (2012) identify factors that discriminate the three types of exporters based on the criteria: increasing growth, erratic growth and decreasing growth and establish a contingency framework to study the demand and supply factors, to model small and medium exporters. However, as discussed previously, some theorists suggest that certain SMEs internationalize from the outset, taking into account the need for survival, growth and success.

As discussed by Creswell (1997), qualitative research is a process wherein researchers explore a problem in a natural setting to build a complex and integral conceptualization. Such approach had, always, a place in international business (Marshan-Piekkari & Welch, 2004). Following prior research (Eisenhardt, 1989; Yin, 1994; Benaglia, Goldstein and Mathews, 2007, Coviello, 2006; Lamb, Sandberg & Liesch, 2011), we employ a case study approach (three cases from three different countries) to generate findings that would be unavailable in a large quantitative study. As Shane (2000) states, our approach allows us to know how opportunity recognition operates in different scenarios, where not all of the relevant behaviors can be manipulated via experimental design. Through this approach, we replicate logic and discern subtle similarities and differences among the study cases (Brown & Eisenhardt 1997; Eisenhardt,

1989; Yin 1994; Coviello, 2006) and following Rettab and Rao (2012), we develop a new framework called SCOPE for analyzing SME growth and internationalization.

### **3.1 Sample selection.**

This study entails a series of personal interviews and site visits. The sample encompasses three SMEs (the “Study Firms”) engaged in exports. We selected firms from different countries to identify common problems in SME internationalization regardless of country of origin. As recommended by Eisenhardt (1989), we selected our sample firms based on an overall theoretical perspective as explained below, rather than by random sampling. Minimizing confounding factors, our selection criteria was the following: 1) firms’ export intensity (at least 25 percent of revenue from exports) at the time of data collection; 2) fewer than 75 employees; 3) must not have internationalized substantially within three years of inception (Oviatt & McDougall, 1994; 2005; Knight & Cavusgil, 2004) which implies that the firm is not an INV/Born global; 4) or not internationalized by accident, as defined by Hennart (2014), or 5) Firm is not a high-tech SME (non-HTSMEs). Based on these assumptions and our literature review, we identified the specific challenges of export SMEs with limited resources and international exposure, and devised our selection criteria to derive a generalizable theoretical framework while bearing in mind that laws, regulations, and customs vary by markets (Shrader, Oviatt, & McDougall, 2000).

Turning to descriptive statistics, our -study firms- had an export share of their total sales ranging from 25 to 95 percent, and all three internationalized after 2005. None of them had internationalized substantially within three years like a born global firm.

Study firms’ identities were protected by changing their names in this paper.

### **3.2 Data collection.**

Information was gathered from multiple sources. The main source was structured interviews (See Questionnaire in the annexure), informed by literature review. Following Huber and Power's (1985) guidelines to minimize bias, two interviews per Sample Firm carried out. Each interview used the same set of questions and lasted 60 to 90 minutes (the questionnaire used for the interview is given as annexure). Prior to each interview, we provided each interviewee with an interview guide detailing questions to be answered. As prescribed by Coviello and Jones (2004), the interviewees were the managing directors, export managers, and sales executives who possess the most in-depth awareness of the Sample Firms' exporting operations. As recommended by Huber and Power (1985), we interviewed two informants from each Sample Firm. In accordance with Yin (1994), conducting two interviews enabled us to follow up with more detailed questions in the second interview and improve validity. Following Miller, Cardinal, and Glick (1997) and Huber and Power's (1985) guidelines for retrospective studies, we first asked interviewees to provide a general overview of their business and later to focus on their firms' export operations, highlighting particular challenges.

All interviews were recorded and transcribed. We replayed each recording to ensure correspondence between the recording and the transcript. In addition, we followed up via telephone and email to clarify certain points as needed. Based on the interviews, we generated the case descriptions and shared them with interviewees so that they could provide additional comments. As suggested by Coviello (2006), to improve validity, data was also collected and analyzed (from sources such as websites and promotion material). Based on the interviews and generated data, following prior research (Pettigrew, 1990; Miles & Huberman, 1994) we created

a case profile for each Sample Firm, highlighting common export challenges and identifying critical factors related to opportunity recognition.

We now turn to a discussion of the firms' profiles, focusing on strategies and challenges as the basis for understanding their problems, weaknesses, strengths, and opportunities. This understanding helped us to formulate the new analytical framework SCOPE.

#### **4. FIRM PROFILE, STRATEGIES, AND CHALLENGES**

Our Sample Firms shall be referred to as "Jay," "S & J," and "Berro," respectively. Following Coviello (2006) and Bongalia et.al (2007) approaches, we first discuss each Study Firm's profile, focusing on export challenges and strategies. Table 2 summarizes this data.

##### **4.1 Jay.**

*Jay* is an export firm, specializing in the transport of lubricants such as transmission fluid, brake fluid, grease, power steering fluid, and motor, turbine, compressor, and hydraulic oils manufactured by leading companies. Founded by a Russian expatriate in Japan in 2004, the firm ventured into the export business in 2009. Jay exports to Russia, Ukraine, Singapore, and Taiwan, among many other locations. Having partnerships with over 100 importers of Japanese products, Jay's main markets are Europe and Russia.

The firms' management is comprised of fewer than 10 individuals, significantly simplifying task allocation. All managers have over 10 years of experience in the export business. The firm took advantage of employee's different nationalities, using them as liaisons to efficiently work and communicate with foreign stakeholders in their native languages. Their clients are permanently given the exclusive right to distribute Jay's products in their own

countries. To secure payment, Jay requests advance payment from the importer, but has experienced initial resistance due to clients' distrust of such a small firm. As he considers debt to be an anchor that eventually sinks businesses, the founder does not offer credit to their clients.

Jay relies on the country-of-origin ("COO") effect regarding consumers' perception of the higher quality of Japanese products. Although the staff members are knowledgeable about the export business, Jay sometimes depends on an agent for shipment and consulting services. After years of export experience, the firm aimed to branch out to new markets in Central Asia, but could not due to insufficient capital. Additionally, the firm planned to produce its own brand of oils to avoid dependence on suppliers. Even though Jay's management attempted to follow the approach outlined in the Network model for internationalization, discussed in section 2, it did not always work very well for them, as the firm had inherent weaknesses.

To increase revenue, Jay aimed to increase demand from importing countries, especially former Soviet Union countries. However, Jay faced heightened competition from rivals due to a common orientation on those target markets. As an expatriate firm in the export business, the firm faced challenges in handling strict Japanese government rules that did not encourage them to hire many foreigner employees of different nationalities.

## **4.2 S&J**

*S&J* is a relatively young firm in the tiles industry, which currently produces wall, floor, and decorative ceramic tiles. Established in Turkey in 2001, the firm started exporting in 2011. *S&J* garnered 30 percent of its domestic market (almost saturating this market) and considered outward foreign direct financing (production) in a foreign market. As a young firm, *S&J* lacks international exposure, compromising direct competition with MNEs. Another challenge was

rising fuel and natural gas costs, which raise production costs. S&J believed in better synergies for marketing and set-in-order strategy for inventory management. The firm debated whether to strengthen their business in their almost-saturated domestic market, to diversify into a related sector (such as sanitation products), or to invest more to establish foothold in foreign markets. In 2013, the firm prepared an export business plan focusing on export opportunities in markets with a shorter psychic distance, such as the Middle East. S&J faced external challenges from domestic as well as international competitors from countries such as China.

Regarding payment, unlike Jay, S&J did not implement a standardized policy for negotiating advance payment; that is, the firm did not insist on a particular kind of payment or credit term while negotiating with their importers. This was mainly because being an SME, S & J did not enjoy negotiating power, as outlined in Ghauri (1986).

### **4.3 Berro**

Berro is an India-based SME established in 1995 that began exports in 2006. The firm manufactures steel production equipment, including roll forming machines and cut-to-length and slitting lines. The firm exports to Saudi Arabia, the United Arab Emirates, Africa, Nepal and other countries. They are committed to expand in the capital goods industry and are aggressively seeking global market share by continuously adapting to better technologies and designs.

Since its inception, the firm has been a quality-driven organization, constantly striving to introduce innovative products and technologies. Berro's top management believes that competitive advantages can only be developed when customers are given value, which includes ensuring that shipments are made by the promised date. A team of highly qualified and

experienced professionals works hard to adopt new and upgrade existing technology. In 2009, Berro was granted the “Best Technology Award”, conferred by the National Small-Scale Industries Council.

----- Insert Table 1 here -----

Management believed in just-in-time inventory management to align with the Japanese style set-in-order strategy. The firm experienced lots of problems, challenges, and limitations. The most critical internal challenge was insufficient capital to fund its export operations. In the absence of conscientious cash flow management and the ability to raise more capital, the firm is often constrained by capital since they did not have negotiation power to get the export payment in advance or sight basis. Generally, profit per operating cycle is insufficient to provide the additional working capital required for the following operating cycle.

The export payment terms for their clients are: 10 percent advance payment, 35 percent after dispatching the bill of lading, and the remaining balance at the time of delivery of goods as sight bill. However, this standard is not strictly enforced for the following reasons. Being a small firm, Berro lacks the negotiation power to ask clients either for advance payment or a letter of credit. Similarly, Berro faced external challenges from two types of competitors: 1) overseas firms (mainly Chinese SMEs) in the engineering sector with comparatively lower cost advantage, and 2) large domestic players.

The next subsection discusses internationalization barriers to SMEs.

#### **4.4 Challenges and Problems**

Table 2 summarizes the major challenges and problems of SMEs based on the literature review as well as the interview data internationalization barriers as extracted from our study, based on the literature review, and cases of the three firms Jay, S&J and Berro.

----- **Insert Table 2 here** -----

## **5. A NEW FRAMEWORK FOR SMEs**

The International business area needs new frameworks to avoid replicating research based on the same model or theory (Keupp & Gassman, 2009; Paul & Shrivastava, 2016; Paul, Parthasarathy and Gupta, 2017). Considering the afore-discussed challenges and problems, we hereby propose a “SCOPE” framework to: i) facilitate SME growth; ii) carry out industry analysis for intelligent decision-making, regarding market entry, expansion, and diversification; and iii) formulate strategies to compete in the global market. This framework suggests that SMEs must undertake an interim impact/feasibility study of further internationalization to assess whether they will succeed in specific foreign markets. Table 3 provides all case data used to support building of the SCOPE framework.

**Table 3: FIRM-Level Data IN SUPPORT OF BUILDING SCOPE Framework**

<b>SCOPI</b>	<b>Jay</b>	<b>S &amp; J</b>	<b>Berro</b>
Strategies (S)	Standardized Strategy (Advance payment) Internationalization to countries with less psychic distance. Hiring people with different nationalities	Expanding into markets with less cultural and geographic distance (Middle East)	Standardize Expanding into countries with less geographic distance Value for Money to clients
Challenges (C)	Relying upon Quality perception about Japanese products Relying upon ex. USSR & Europe	Competition from Domestic & International rivals	Competition from domestic as well as Chinese firms
Opportunities (O)	Prior Experience in Exporting	Opportunities from foreign markets as they had reached saturation point in domestic market.	External Opportunities Outside India Focus on Quality & Technology
Problems (P)	Lack of Capital	Lack of international exposure Increasing production cost due to higher cost of fuel	Lack of capital Lack of Negotiating Power to ask for either advance payment or Letter of Credit
Exporting	They took 5 Years for exporting	10 years for exporting after the establishment.	10 Years for exporting after the establishment

### 5.1 Strategies (S)

Some studies dealing with exporting SMEs showed an increasing focus on intangible resources to develop strategies (Armstrong & Shimizu, 2007; Chrisholm & Nielsen, 2009; Galbreath, 2005). The following framework provides guidelines for SMEs to succeed while exporting. Figure 1 summarizes 5 strategies, in a pentagon format, which can be called 5S Pentagon strategies. The following section describes this Pentagon model in detail.

----- “Figure 1 goes about here” -----

### ***5.1.1 Synergize.***

Situated on the verge of a boundless market where market forces would ultimately decide the winners, SMEs must synergize their businesses, focusing on their strength and core businesses, rather than diversifying into unrelated sectors in the first decade from inception. For instance, S&J had planned to diversify into another sector. However, the firm ultimately focused on export markets instead of investing to diversify in its domestic market. Both Jay and S&J synergized their strategies by expanding into foreign markets with shorter psychic distance to their respective home countries while psychic distance was not a concern for Berro.

### ***5.1.2 Set-in-order.***

To compete, firms must set in order their in-house systems and priorities, ensuring that the entirety of their activities have a sequence. This strategy helps eliminate unnecessary items, reduces inventory, and provides order and cleanliness. Inventory reduction improves the working cash flow, which always constrains SMEs.

Berro’s case best highlights the need for this strategy. Jay did not have to implement it as the firm primarily operated as merchant exporters.

### ***5.1.3 Standardize.***

SMEs usually abide by unstandardized guidelines and rules, causing uncertainty in the market. Avoiding ambiguity and building brand awareness, SMEs should standardize their rules and management practices so that business partners know what to expect. Role and process

clarity leads to better output per workman and fewer delays. Regarding sample firms, Jay and Berro tried to standardize their guidelines and rules, but failed as they lacked negotiating power in the international market. Due to a lack of international exposure, S&J did not standardize its rules, but homogenized certain terms and conditions of business.

#### ***5.1.4 Strategize.***

Competition continuously intensifies in all industries, forcing SMEs to strategize. Firms possessing a superior position in technological resources or capabilities can attain a better outcome of sustainable competitive advantage (Huang et.al, 2015). Firms generally conduct strategic planning, competition monitoring, and internationalizing. This process includes strategic alliances, exporting, and sourcing at competitive prices and quality. This strategy is exemplified in Jay's attempt to launch a co-branded oil. Besides, Arranz et.al (2016) show that the alliance building process could be an inhibiting factor for SME international alliances.

#### ***5.1.5 Success.***

Success depends on a balance of the above-mentioned strategies. Based on the structured interviews and comprehensive literature review, SMEs must implement strategies to survive, sustain, and succeed.

### **5.2 Challenges (C)**

Firms, particularly SMEs, face multiple challenges while internationalizing (Leonidou, 2000; Leonidou, 2004; Cardoza et.al, 2015; Kahiya & Dean, 2015; Dikova et.al, 2016; Paul et.al, 2017). Some of the challenges include liability of foreignness, cognitive bias and resource

constraints. They must formulate strategies to overcome those challenges. Each of the three firms we studied reported challenges, which arose from competition, as well as other challenges. It is important for SMEs to anticipate such challenges when they step forward with international marketing initiatives.

### **5.3 Opportunities (O)**

Globalization has opened markets throughout the world, and the internet has revolutionized business. SMEs willing to compete must be open to opportunities for exporting to foreign markets, even if they do not succeed in their home markets. Ideally, their business plan should be prepared based on the 5S strategies we outlined in the Pentagon model, which will help them to take advantage of opportunities.

### **5.4 Problems (P)**

Unlike MNEs, SMEs encounter many problems including insufficient financial resources, internal marketing problems (such as poor marketing strategies and lack of foreign market knowledge), choice of entry mode, and low brand value. SMEs are inherently weak in negotiating power and market orientation. Most firms also face organizational capability barriers (Sharkey et.al, 1989; Lall; 1991; Musteen, Datta & Butts, 2014; Laufs & Schwens, 2014; Paul, Parthasarathy & Gupta, 2017). For this reason, SMEs must invest in marketing and human resource development to compete and succeed in this dynamic, competitive environment. It may be wise for SMEs to analyze their business with a simple framework such as What, When, Why, Where and How when it comes to their expansion into foreign markets. For instance, it is important for SMEs to analyze the market potential and other related factors in different markets to decide when to enter and where to internationalize. A detailed analysis of Why and How with

reference to rationale for foreign market expansion, scope, and modes of entry can be very useful as part of their international marketing strategy formulation.

### **5.5 Exporting (E) and Internationalization**

Internationalization helps SMEs increase their chance of survival (Pulg, Gonzalez-Loureiro & Ghauri, 2014). Acknowledging lack of capital to fund their export operations, in line with Johansen and Vahlane (1977), some experts believe that traditional manufacturing SMEs need not internationalize from inception, as doing so would consume all financial resources. Once they internationalize, SMEs should focus on exports unless they are high-tech small and medium enterprises (HTSMEs). In these cases they could engage in accelerated internationalization, as suggested by researchers (Moen, 2002; Knight & Cavusgil, 2004; Bonaglia, Goldstein & Mathews, 2007; Ciravagna, Lopez & Kundu, 2014). Non-HTSME could minimize risk by focusing on exporting, instead of foreign direct investment (FDI).

## **6. Limitations and Directions for Future Research**

The framework proposed in this article is based on three firms. It would have been better if we had opportunities to develop this framework based on five identical firms. However, considering that researchers have published widely cited papers based on case studies of three firms in premier journals such as the *Journal of World Business* (Bonaglia, Goldstein & Mathews, 2007), this cannot be considered a serious limitation, though it could be seen as a constraint. Another limitation is that the SCOPE framework does not have explanatory power, but rather serves as an analytical tool. Nevertheless, it is easy to use the SCOPE framework to examine the determinants or factors empirically contributing towards the survival and success of a small firm. However, the scope of using the SCOPE framework is immense. The SCOPE is an

analytical framework that can be applied in academic research as well as in practitioner-oriented research. It can be used as a benchmark and robust tool, compared to SWOT analysis, both in qualitative and quantitative research studies. It will also serve as a standard framework that could be used in industry analysis as well as in consulting studies. Graduate school students would also find it very useful to use the SCOPE framework to analyze SMEs in their research projects and dissertations. As outlined in the prior review articles (Coviello & McAuley; 2004; Coviello & Jones, 2004; Keupp & Gassman, 2009; Jones, Coviello & Tang, 2011; Paul et.al, 2017), there is a need for developing new methods and frameworks for future research in this area, which will also be useful for SMEs and their industries. We urge researchers to use our propositions as their hypotheses in their future studies as they can be tested in wide variety of contexts (countries, industries, etc).

In order to provide practical solutions to the challenges of SMEs aspiring for internationalization, we need typologies and useful frameworks that help decision makers to better understand the antecedents and consequences of their internationalization (cultural, legal, political, and other issues). Besides, there is potential for carrying out research studies that address one of the questions given below.

- i. What drives the internationalization of small and medium enterprises from developing versus developed economies, and what are the factors that determine their survival /?
- ii. How do the business environments in the home and host countries influence the success or failure of SMEs and shape their strategies?
- iii. What strategies are implemented by small firms while entering and marketing to the populous and large countries with mass market?

- iv. What are the dimensions of internationalization (Potential, Path, Pattern, Process, Pace, Problems) of SMEs while expanding into emerging countries, particularly in the fastest growing markets such as China, India and Brazil?

## **7. Conclusion and Managerial Implications**

On the basis of our literature review and the interviews of case firms, it was found that the major barriers for internationalization of small firms include: lack of capital, insufficient information, selection of a reliable partners and distributors, lack of negotiating power, insufficient resources, lack of knowledge of foreign markets, little international experience, lack of protection from the government, and demand insufficiency for the products of small firms. These findings corroborate the results of prior research (Kaynak et al. 1987; Ghuari & Kumar, 1989; Pulg, Gonzalez-Loureiro & Ghauri, 2014). The proposed SCOPE framework will allow managers and researchers to analyze and explain the SMEs' growth and conduct industry analysis.

This framework is generalizable regardless of the industry or country of origin. It can be used in the context of developing as well as developed countries. SMEs could follow the 5S pentagon strategies to compete in the foreign market in this era of globalization. As an alternative framework to the traditional tools such as SWOT and PESTEL frameworks, management students may also employ SCOPE as a framework for carrying out industry analyses. Researchers can use the SCOPE framework like other widely cited frameworks such as the CAGE (Cultural, Administrative, Geographic and Economic) distance framework or LLL (Linkage, Learning and Leverage). Managers would find SCOPE to be an improved and better tool when compared to frameworks such as SWOT and PESTEL. This is particularly true in the

context of small and medium enterprises. There are also opportunities to use this framework to carry out analysis of a firm and industry to decide the direction and pace at which the firm should expand in the short term and long term.

## REFERENCES

- Alon, I., Yeheskel, O., Lerner, M. & Zhang, W (2013). Internationalization of Chinese Entrepreneurial firms. *Thunderbird International Business Review*, 55 (5), 495-512.
- Amit, R. and Shoemaker, R.P.S. (1993). Strategic Assets and Organizational Rent, *Strategic Management Journal*, 14 (1), pp 33-46.
- Antoldi, F., Cerrato, D., & Depperu, D. (2013). SMEs export consortia and the development of intangible resources. *Journal of Small Business and Enterprise Development*, 20(3): 567-583.
- Armstrong, C. & Shimizu, K. (2007). A review of approaches to empirical research on the resource-based view of the firm. *Journal of Management*, 33(6), 959–986.
- Autio, E., Sapienza, H. J., & Almeida, J. G. (2000). Effects of age at entry, knowledge intensity, and imitability on international growth. *Academy of Management Journal*, 43(5), 909-924.
- Beamish, P.W. (1990). The internationalization process for smaller Ontario firms: a research agenda”, In A. Rugman (ed.), *Research in Global Strategic Management – International Business Research for the 21<sup>st</sup> Century*, Greenwich: JAI Press.
- Bettiol, M., Di Maria, E., & Finotto, V. (2012). Marketing in SMEs: the role of entrepreneurial sense making. *International Entrepreneurship and Management Journal*, 8(2), 223-248.
- Bonaglia, F., Goldstein, A., & Mathews, J. A. (2007). Accelerated internationalization by emerging markets’ multinationals: The case of the white goods sector. *Journal of World Business*, 42(4), 369-383.
- Black, J.A. and Boal, K.B., (1994). Strategic resources: Traits, configurations and paths to sustainable competitive advantage. *Strategic management journal*, 15(S2), pp.131-148.
- Boermans, M. A., & Roelfsema, H. (2013). The effects of managerial capabilities on export, FDI and innovation: Evidence from Indian firms. *Asian Business & Management*, 12(4): 387-408.
- Brown, S. L., & Eisenhardt K. M. (1997). The Art of Continuous Change: Linking Complexity Theory and Time-Paced Evolution in Relentlessly Shifting Organizations. *Administrative Science Quarterly*, 42: 1–34.
- Buckley, P. J., & Ghauri, P. N. (2004). Globalisation, economic geography and the strategy of

- multinational enterprises. *Journal of International Business Studies*, 35(2), 81-98.
- Cahen, F. R., Lahiri, S., & Borini, F. M. (2016). Managerial perceptions of barriers to internationalization: An examination of Brazil's new technology-based firms. *Journal of Business Research*, 69(6): 1973-1979.
- Cadogan, J. W., Diamantopoulos, A., & Siguaw, J. A. (2002). Export Market-oriented Activities: Their Antecedents and Performance Consequences. *Journal of International Business Studies*, 33(3), 615-626.
- Calof, J.L., & Beamish P.W. (1995). Adapting to foreign markets: Explaining internationalization. *International Business Review*, 4(2): 115-131.
- Carlson, D S. et. al. (2006). The Impact of Human Resource Practices and Compensation Design on Performance: An Analysis of Family-Owned SMEs. *Journal of Small Business Management*.
- Cardoza, G., & Fornes, G. (2011). The internationalisation of SMEs from China: the case of Ningxia Hui autonomous region. *Asia Pacific Journal of Management*, 28(4): 737-759.
- Carlson, S. (1975). How Foreign is Foreign Trade? A Problem in International Business Research. Uppsala: Uppsala University Press.
- Chetty, S., & Holm, D. B. (2000). Internationalisation of small to medium-sized manufacturing firms: a network approach. *International business review*, 9(1), 77-93.
- Chia, R., & Holt, R. (2006). Strategy as Practical Coping: A Heideggerian Perspective. *Organizational Studies*. 27(5): 635-655.
- Chrisholm, A., & Nielsen, K. (2009). Social capital and the resource-based view of the firm. *International Studies of Management and Organization*, 39(2): 7-32.
- Coviello, N. & Munro H. (1997). Network Relationships and the Internationalization Process of Small Software Firms. *International Business Review*, 6(4): 361-386.
- Coviello, N. (2006). The Network Dynamics of International New Venture. *Journal of International Business Studies*, 37(5): 713-731.
- Coviello, N. E. & Jones M. V. (2004). Methodological Issues in International Entrepreneurship Research. *Journal of Business Venturing*, 19(4): 485-508.
- Coviello, N., & Munro, H. (1992). Internationalizing the Entrepreneurial Technology intensive Firm: Growth through Linkage Development. Paper presented at the Babson Entrepreneurship Research Conference, INSEAD, France.
- Coviello, N.E. and McAuley, A., (1999). Internationalisation and the smaller firm: a review of contemporary empirical research. *Management international review*, pp.223-256.
- Creswell, J. W. (1997). *Qualitative Inquiry and Research Design: Choosing Among Five Traditions*. Newbury Park, CA: Sage Publications.

- Czinkota, M.R. & Rocks, D.A. (1983). The use of the multi measurement approach in the determination of company export priorities. *Journal of Academy of Marketing Science*, 11(3): 91-283.
- Debrulle, J., & Maes, J. (2015). Start-ups' Internationalization: The Impact of Business Owners' Management Experience, Start-up Experience and Professional Network on Export Intensity. *European Management Review*, 12(3), 171-187.
- De Bruin, A., Brush, C. G., & Welter, F. (2007). Advancing a framework for coherent research on women's entrepreneurship. *Entrepreneurship theory and practice*, 31(3), 323-339.
- Diamantopoulos, A., Schlegelmilch, B. B., & Katy Tse, K. Y. (1993). Understanding the role of export marketing assistance: empirical evidence and research needs. *European Journal of marketing*, 27(4), 5-18.
- Dikova, D., Jaklič, A., Burger, A., & Kunčič, A. (2016). What is beneficial for first-time SME-exporters from a transition economy: A diversified or a focused export-strategy?. *Journal of World Business*, 51(2), 185-199.
- Dominguez, N., & Mayrhofer, U. (2017). Internationalization stages of traditional SMEs: Increasing, decreasing and re-increasing commitment to foreign markets. *International Business Review*, 26(6), 1051-1063.
- Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy of Management Review*, 14(4): 532-550.
- Etemad, H., & Wright, R. W. (2003). Internationalization of SMEs: toward a new paradigm. *Small Business Economics*, 20(1): 1-4.
- Felício, J. A., Caldeirinha, V. R., & Rodrigues, R. (2012). Global mindset and the internationalization of small firms: The importance of the characteristics of entrepreneurs. *International Entrepreneurship and Management Journal*, 8(4), 467-485.
- Fillion, D. & Pickerill, R.K. (1990). "Ichnology of the Lower Ordovician Bell Island and Wabana Groups of eastern Newfoundland", *Palaeontographica Canadiana*, 7(1): 119.
- Freeman, S., Hutchings, K., Lazaris, M., & Zyngier, S. (2010). A model of rapid knowledge development: The smaller born-global firm. *International Business Review*, 1(19), 70-84.
- Galbreath, J. (2005). Which resources matter the most to firm success? An exploratory study of resource-based theory. *Technovation*, 25(9): 979-987.
- Ghauri, P.N.(1986). Guidelines for International Business Negotiations. *International Marketing Review*. 3 (3). 72-82.
- Ghauri, P.N. & Holstius, K. (1996). The role of matching in the foreign market entry process in the Baltic States. *European Journal of Marketing*, 30(2): 75-88.

- Ghauri, P.N., & Kumar P. (1989). An Empirical Investigation of Factors Influencing Export Behavior of Smaller Swedish Firms. *Marketing Thought and Practice in the 1990s, International Business Review*, 3. 5-72.
- Golovko, E., & Valentini, G. (2011). Exploring the complementarity between innovation and export for SMEs growth. *Journal of International Business Studies*, 42(3): 362-380.
- Hagen, B., Zucchella, A., Cerchiello, P., & De Giovanni, N. (2012). International strategy and performance—Clustering strategic types of SMEs. *International Business Review*, 21(3): 369-382.
- Harms, R., & Schiele, H. (2012). Antecedents and consequences of effectuation and causation in the international new venture creation process. *Journal of International Entrepreneurship*, 10: 95-116.
- Hennart, J. F. (2014). The accidental internationalists: A theory of born global. *Entrepreneurship: Theory & Practice*, 38(1): 117-135.
- Hitt MA, Li D, Xu K. (2016). International strategy: From local to global and beyond. *Journal of World Business* 51: 58-73.
- Huber, G. P., & Power D. J. (1985). Retrospective Reports of Strategic- Level Managers: Guidelines for Increasing Their Accuracy. *Strategic Management Journal*, 6(1): 171–180.
- Jaworski, B. J., & Kohli, A. K. (1993). Market orientation: antecedents and consequences. *The Journal of marketing*, 53-70.
- Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm: Four Swedish cases. *Journal of Management Studies*, 12 (3): 305-322.
- Johansson, 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*, 8(1): 23-32.
- Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), 1411–1431.
- Johanson, J., & Mattsson, L. G. (1988). Internationalisation in industrial systems—a network approach. In *Knowledge, Networks and Power* (pp. 111-132). Palgrave Macmillan, London.
- Jones, M. V. (2001). First steps in internationalization: Concepts and evidence from a sample of small high-technology firms. *Journal of International Management*, 7(3), 191-210.
- Jones, M.V., Coviello, N. and Tang, Y.K., (2011). International entrepreneurship research (1989–2009): a domain ontology and thematic analysis. *Journal of business venturing*, 26(6), pp.632-659.
- Kahiya, E. T., & Dean, D. L. (2016). Export stages and export barriers: Revisiting traditional

- export development. *Thunderbird International Business Review*, 58(1): 75-89.
- Katsikeas, C. S. & Morgan, R.E. (1993). Differences in Perceptions of Exporting Problems Based on Firm Size and Export market experience. *European Journal of Marketing*, 28(5): 17-35.
- Katsikeas, C. S., Leonidou, L. C., & Morgan, N. A. (2000). Firm-level export performance assessment: review, evaluation, and development. *Journal of Academy of Marketing Science*, 28(4): 493–511.
- Kaynak, E. & Kothtari, V. (1984). Export behavior of small and medium sized manufacturer: some policy guidelines for international marketers. *Management International Review*, 24 (2): 61-9.
- Kaynak, E., Ghauri, P.N. & Olofsson-Bredenlöw, T. (1987). Export Behavior of Small Swedish Firms. *Journal of Small Business Management*, 25(2): 26-32.
- Keupp, M. M., & Gassmann, O. (2009). The Past and the Future of International Entrepreneurship: A Review and Suggestions for Developing the Field. *Journal of Management*, 35(3), 600-633.
- Kim, J. U. and Aguilera, R. V. (2015), The World is Spiky: An Internationalization Framework for A Semi-Globalized World. *Global Strategy Journal*, 5:113–132.
- Knight, G. A. (2001). Entrepreneurship and strategy in the international SME. *Journal of international management*, 7(3), 155-171.
- Knight, G. A., & Cavusgil, S. T. (2004). Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies*, 35(2): 124-141.
- Knight, G.A, Madsen T. K., and Servais, P (2004). An inquiry into born-global firms in Europe and the USA, *International Marketing Review*, 21(6), 645-665.
- Kyvik, O. (2011). Internationalisation of small firms: the importance of a global mindset. *International Journal of Technology Transfer and Commercialisation*, 10(3-4), 314-331.
- Lamb, P, Sandberg, J., & Liesch, P.W. (2011). Small firm internationalization unveiled through phenomenography. *Journal of International Business Studies*, 42 (5), 672-693.
- Li, L., Li, D., & Dalgic, T. (2004). Internationalization process of small and medium-sized enterprises: Toward a hybrid model of experiential learning and planning. *Management International Review*, 93-116.
- Lall, S. (1991). Marketing barriers facing developing country manufactured exporters: a conceptual note. *Journal of Development Studies*, 27(4): 137-150.
- Landau, C., Karna, A., Richter, A., & Uhlenbruck, K. (2016). Institutional leverage capability: creating and using institutional advantages for internationalization. *Global Strategy Journal*, 6(1): 50-68.

- Laufs, K., & Schwens, C. (2014). Foreign market entry mode choice of small and medium-sized enterprises: A systematic review and future research agenda. *International Business Review*, 23(6), 1109-1126.
- Lee, H., Kelley, D., Lee, J., & Lee, S. (2012). SME survival: the impact of internationalization, technology resources, and alliances. *Journal of Small Business Management*, 50(1), 1-19.
- Leonidou, L.C. (2000), "Barriers to export management: an organizational and internationalization analysis", *Journal of International Management*, Vol. 6 No. 2, pp.121-48.
- Leonidou, L.C. (2004), "An analysis of the barriers hindering small business export development", *Journal of Small Business Management*, Vol. 42 No. 3, pp. 279-302.
- Leonidou, L. C., & Katsikeas, C. S. (1996). The export development process: an integrative review of empirical models. *Journal of international business studies*, 27(3), 517-551.
- Loane, S., & Bell, J. (2006). Rapid internationalisation among entrepreneurial firms in Australia, Canada, Ireland and New Zealand: An extension to the network approach. *International marketing review*, 23(5), 467-485.
- Lu, J. W., & Beamish, P. W. (2001). The internationalization and performance of SMEs. *Strategic Management Journal*, 22(6-7): 565-586.
- Macpherson, A. & Holt, R. (2007). Knowledge, Learning and Small Firm Growth: A Systematic review of the empirical evidence. *Research Policy*, 36(2), 172-192.
- Madsen, T.K. & Servais, P. (1997). The internationalization of born global: an evolutionary process? *International Business Review*, 6(6): 561-83.
- Manolova, T., Manev, I., & Gyoshev, B. (2009). In good company: The role of personal and inter-firm networks for new-venture internationalization in a transition economy. *Journal of World Business*, 45(3): 257-265.
- Marschan-Piekkari, R., & Welch, C. (2004). Qualitative research methods in international business: The state of the art. *Handbook of qualitative research methods for international business*, 5-24.
- Miles, M. B., and Huberman A. M. (1994). *Qualitative Data Analysis: An Expanded Sourcebook*. Newbury Park, CA: Sage Publications.
- Miller, C. C., Cardinal, L. B. and Glick, W. H. (1997). Retrospective Reports in Organizational Research: A Reexamination of Recent Evidence. *Academy of Management Journal*, 40(1): 189-204.
- Mitgwe, B. (2006). Theoretical Milestones in International Business: The Journey to International Entrepreneurship Theory. *Journal of International Entrepreneurship*, 4: 5-25.
- Morgan, N.A., Kaleka, A. and Katsikeas, C.S., (2004). Antecedents of export venture

- performance: A theoretical model and empirical assessment. *Journal of marketing*, 68(1), pp.90-108.
- 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(3), 197-205.
- Musteen, M, Datta,D.K. and M. M. Butts. (2014). Do international networks and foreign market knowledge facilitate SME internationalization? Evidence from the Czech Republic. *Entrepreneurship theory and practice* 38.4 (2014): 749-774.
- Narula, R., & Dunning, J. H. (2010). Multinational enterprises, development and globalization: some clarifications and a research agenda. *Oxford Development Studies*, 38(3), 263-287.
- Nordman, E. R., & Tolstoy, D. (2014). Does relationship psychic distance matter for the learning processes of internationalizing SMEs?. *International Business Review*, 23(1), 30-37.
- O'Dwyer, M., Gilmore, A., & Carson, D. (2009). Innovative marketing in SMEs. *European Journal of Marketing*, 43(1/2), 46-61.
- Oviatt, B. M., & McDougall, P. P. (1994). Toward a Theory of International New Ventures. *Journal of International Business Studies*, 25 (1): 45-64.
- Oviatt, B. M., & McDougall, P. P. (2005). Defining international entrepreneurship and modeling the speed of internationalization. *Entrepreneurship theory and practice*, 29(5), 537-554.
- Martineau, C., & Pastoriza, D. (2016). International involvement of established SMEs: A systematic review of antecedents, outcomes and moderators. *International Business Review*, 25(2), 458-470.
- Makadok, R., (2001). Toward a synthesis of the resource-based and dynamic-capability views of rent creation. *Strategic management journal*, 22(5), pp.387-401.
- Moen, Ø. & Servais, P. (2002). Born global or gradual global?. Examining the export behavior of small and medium-sized enterprises. *Journal of International Marketing*, 10(3): 49-72.
- Ojala, A. (2008). Entry in a Psychically Distant Market: Finnish Small and Medium-Sized Software Firms in Japan. *European Management Journal*, 26(2): 135–144.
- Oura, M. M., Zilber, S. N., & Lopes, E. L. (2015). Innovation capacity, international experience and export performance of SMEs in Brazil. *International Business Review*, 25(4): 921-932.
- Oviatt, B. M., & McDougall, P. P. (1994). Toward a Theory of International New Ventures. *Journal of International Business Studies*, 25 (1): 45-64.
- Paul, J., & Gupta, P. (2014). Process and intensity of internationalization of IT firms–Evidence from India. *International Business Review*, 23(3): 594-603.

- Paul, J., & Shrivastava, A. (2016). Do young managers in a developing country have stronger entrepreneurial intentions?, *International Business Review*, 25(6), 1197-1210.
- Paul, J., Parthasarathy, S., & Gupta, P. (2017). Exporting Challenges of SMEs: A Review and Future Research Agenda. *Journal of World Business*.  
<http://dx.doi.org/10.1016/j.jwb.2017.01.003>
- Pavitt, K., & Robson, M. J. (1987). The size distribution of innovating firms in the UK. *Journal of Industrial Economics*, 35(3): 297–316.
- Pedersen, T., Petersen, B., & Benito, G. R. (2002). Change of foreign operation method: impetus and switching costs. *International Business Review*, 11(3), 325-345.
- Penrose, E. (1959). *The Theory of the Growth of the Firm*. Oxford: Basil Blackwell.
- Peteraf, M.A., (1993). The cornerstones of competitive advantage: a resource-based view. *Strategic management journal*, 14(3), pp.179-191.
- Peters, T.J. & Waterman, R. (1982). *In Search of Excellence*. Harper & Row, New York, NY.
- Pettigrew, A. M. (1990). Longitudinal Field Research on Change: Theory and Practice. *Organization Science*, 1(3): 267–292.
- Porter, M.E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York, NY: Free Press.
- Porter, M.E., (1985). Technology and competitive advantage. *Journal of business strategy*, 5(3), pp.60-78.
- Radam, A. A, Bmimi L & Abdullah, C.M. (2008). Technical Efficiency of Small and Medium Enterprise in Malaysia: A Stochastic Frontier Production Model. *International Journal of Economics and Management*, 2(2): 395-408.
- Rettab, B., & Rao, A. (2009). Performance of Exporters in an Emerging Economy. *The International Trade Journal*, 23(2), 142-186.
- Ribau, C. P., Moreira, A. C., & Raposo, M. (2016). SME internationalization research: Mapping the state of the art. *Canadian Journal of Administrative Sciences*.  
<https://doi.org/10.1002/cjas.1419>
- Ripolles Meliá, M., Blesa Pérez, A., & Roig Dobón, S. (2010). The influence of innovation orientation on the internationalisation of SMEs in the service sector. *The Service Industries Journal*, 30(5), 777-791.
- Ruzzier, M., Hisrich, R. D., & Antoncic, B. (2006). SME internationalization research: past, present, and future. *Journal of small business and enterprise development*, 13(4), 476-497.
- Sala, D., & Yalcin, E. (2015). Export experience of managers and the internationalisation of firms. *The World Economy*, 38(7): 1064-1089.

- Shane, S. (2000). Prior Knowledge and the Discovery of Entrepreneurial Opportunities. *Organization Science*, 11(4): 448–469.
- Sharkey, T. W., Lim, J.S. & Kim, K. J. (1989). Export Development and Perceived Export Barriers: An Empirical Analysis of Small Firms. *Management International Review*, 29(2): 33–40.
- Shrader, R. C., Oviatt, B. M. and McDougall, P. P. (2000). How New Ventures Exploit Trade-Offs among International Risk Factors: Lessons for the Accelerated Internationalization of the 21st Century. *Academy of Management Journal*, 43(6): 1227– 1247.
- Soriano, D. R., & Dobon, S. R. (2009). Linking globalization of entrepreneurship in small organizations. *Small Business Economics*, 32(3), 233-239.
- Teece, D.J., Pisano, G. and Shuen, A., (1997). Dynamic capabilities and strategic management. *Strategic management journal*, pp.509-533.
- Terjesen, S., Hessels, J., & Li, D. (2013). Comparative international entrepreneurship: A review and research agenda. *Journal of Management*, 20(10), 1-46.
- Torres, M. M., Clegg, L. J., & Varum, C. A. (2016). The missing link between awareness and use in the uptake of pro-internationalization incentives. *International Business Review*, 25(2): 495-510.
- Uner, M. M., Kocak, A., Cavusgil, E., & Cavusgil, S. T. (2013). Do barriers to export vary for born globals and across stages of internationalization? An empirical inquiry in the emerging market of Turkey. *International Business Review*, 22(5): 800-813.
- Vernon, R. (1966). International investment and international trade in the product cycle. *Quarterly Journal of Economics*, 80 (2): 190-207.
- Weerawardena, J., Mort, G. S., Liesch, P. W., & Knight, G. (2007). Conceptualizing accelerated internationalization in the born global firm: A dynamic capabilities perspective. *Journal of world business*, 42(3), 294-306.
- Welch, L.S. & Luostarinen, R., (1988). Internationalization- Evolution of a concept. *Journal of General Management*, 14(2): 34-55.
- Welch, L. S., Benito, G. R., & Petersen, B. (2008). *Foreign operation methods: Theory, analysis, strategy*. Edward Elgar Publishing.
- Wood, A., Logar, C. M., & Riley, W. B. (2015). Initiating exporting: The role of managerial motivation in small to medium enterprises. *Journal of Business Research*, 68(11): 2358-2365.
- Wolf, J. A. & Pett, T. L. (2000). Internationalization of small firms: an examination of export competitive patterns, firm size, and export performance. *Journal of Small Business Management*, 38: 34–47.
- Yadav, M. (2010). The Decline of Conceptual Articles and Implications for Knowledge Development. *Journal of Marketing*. 74(1), 1-19.

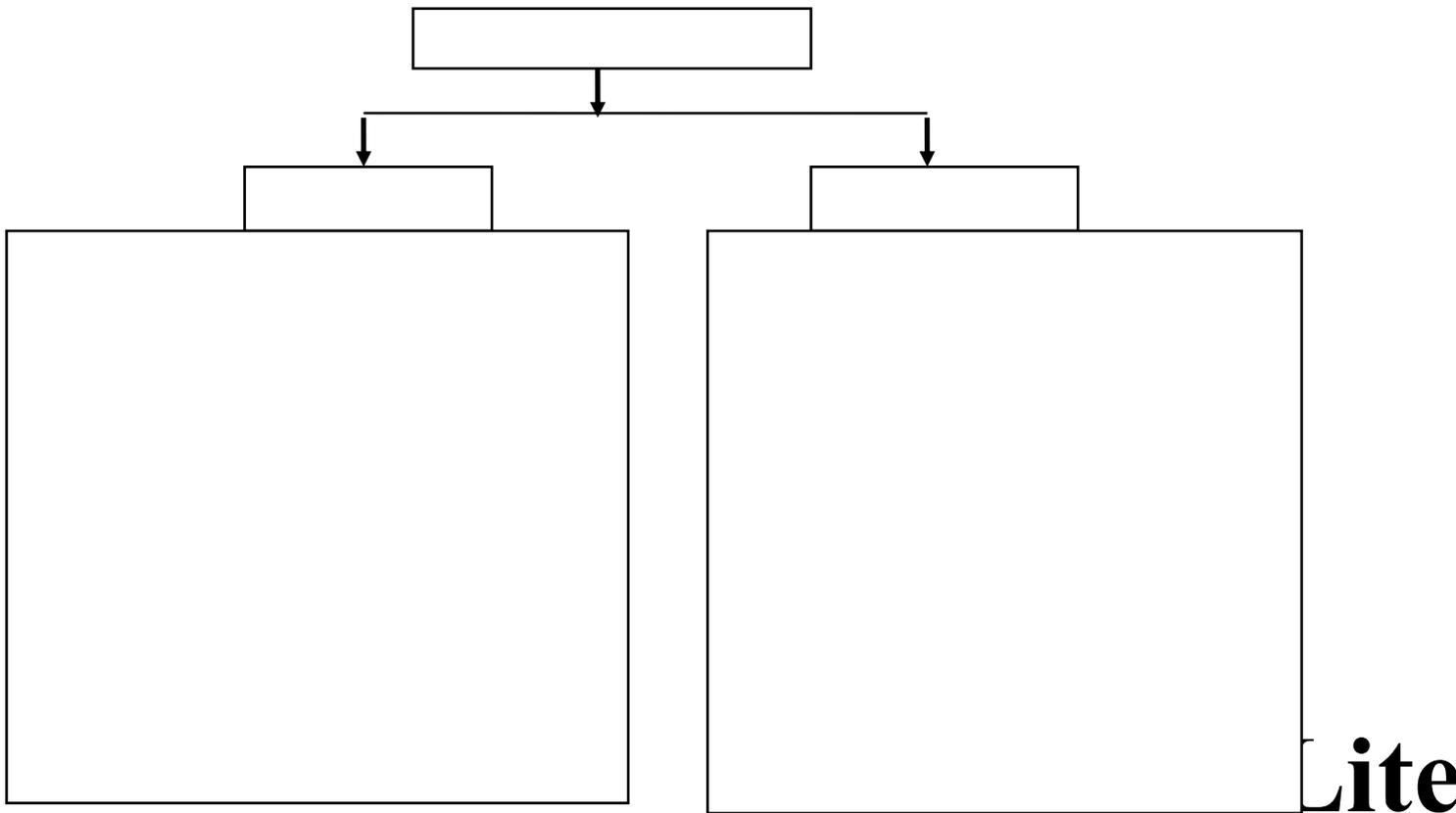
Yin, R. K. (1994). *Case Study Research: Design and Methods*. Newbury Park, CA: SAGE Publications.

Zhou, L., Wu, W. P., & Luo, X. (2007). Internationalization and the performance of born-global SMEs: the mediating role of social networks. *Journal of international business studies*, 38(4), 673-

**Table 1: Key Information of Sample (Case) Firms**

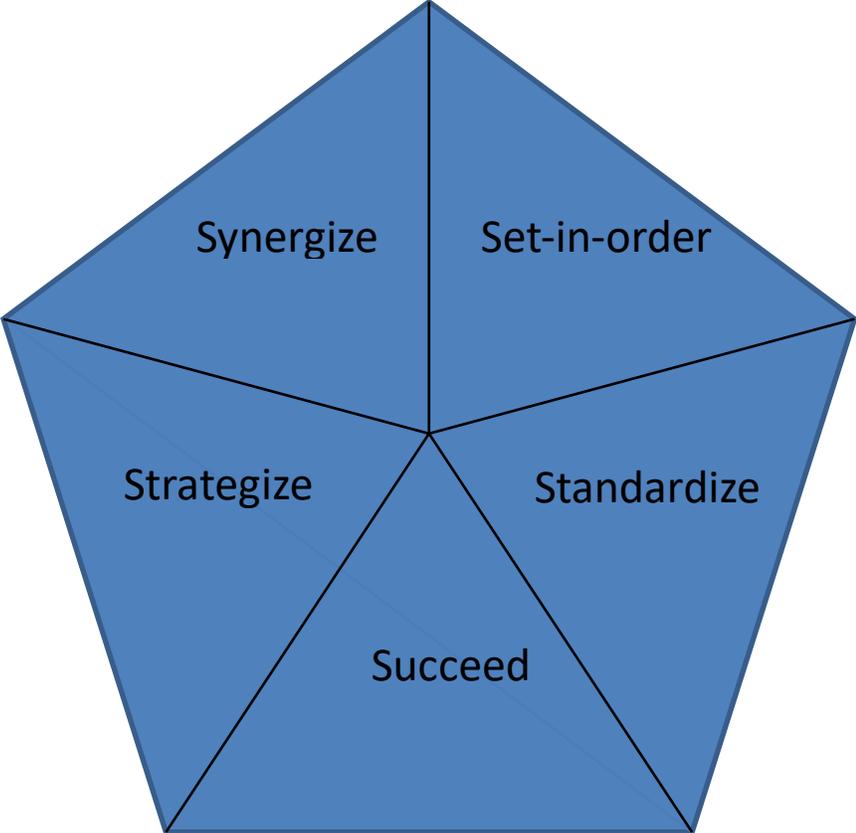
	<b>Jay</b>	<b>S&amp;J</b>	<b>Berro</b>
<b>Year of Establishment</b>	2004	2001	1995
<b>Start of Export Operations</b>	2009	2011	2006
<b>Industry</b>	Automotive, marine and industrial lubricants, technical fluids, chemicals, paints, auto-care products, parts and accessories.	Ceramic tiles for walls, flooring and decorative purposes	Manufacture of machines catering to the steel industry, main products being Roll forming machines, Cut to length Lines and Slitting lines.
<b>No. of Employees</b>	9	65	20
<b>Export Sales (%)</b>	Approx 95%	Approx 30%	Approx 80%
<b>Key Target Markets</b>	Russia, Ukraine, Central Asia, Singapore and Taiwan	Middle East countries incl. United Arab Emirates	Middle East, Africa
<b>Exporter Category</b>	Merchant Exporter	Manufacturer Exporter	Manufacturer Exporter

**Table 2: Findings based on Literature and Interview data (Challenges and Problems of SMEs)**



-Marketing barriers such as  
Poor strategies, Lack of Network  
Power, Insufficient market  
(Cardoza & Fornes, 2011;  
2012; Cardoza et.al, 2015;

**Figure 1: 5S Pentagon Model for Small Firms to Follow and Compete**



ANNEXURE: (Online Supplement)

Semi- Structured Questionnaire used for conducting Interview for developing SCOPI Framework for Small Firms

Key Information

Company Name	
Year of Establishment	
Are you into Imports/Exports/ both?	
Industry	
No of Employees	
Export Sales as % of Total Sales	
Is your firm a small one/Medium size/multi-national?	
What are the countries where you have done business?	

Questions on Strategies

Do you have Standardized rules for doing business?	Yes	No	Somewhat (Not Sure)
Do you believe in Strategic Planning?			
Have you ever prepared Business plan for Importing/Exporting?			
Do you Set-in-Order the work ?			

Questions on Challenges (Threat) - External

Do you face challenges in international business?	Yes	No	Not sure
Do you feel threat from multinational firms?	Yes	No	Not sure
Do you have competition from small firms	Yes	No	Not sure
Is there any other external challenge?	Yes	No	Not sure

Questions on Opportunities

Do you think that international business brings more opportunities than domestic business?	Yes	Yes	Not sure
Is Inter Business more rewarding?	Yes	No	Not sure
Do you get tax benefits when you do Exporting?	Yes	No	Not sure
Does International business help you to build better brand?	yes	No	Somewhat
Do you think the field of Export-Import is amazing?	Yes	No	Somewhat

Questions on Problems

Is your firm financially viable?	Yes	No	Somewhat
Do you rely upon Import Finance (In the case of importer)			
Do you avail pre-shipment or post-shipment finance (in the case of exporter)			
Do you problem arising out of poor marketing strategy?			

Questions on Internationalization (Exporting / Importing etc)

Do you manufacture your product?	Yes	No
Do you have plan to license your product in a foreign country		
Do you think it's feasible to start production in a foreign country?		
Does exporting/going global help you to grow?		

### Questions on Mode of Payment

Do you like Full Payment in Advance?			
Do you believe in Sight Payment			
Do you like the idea of Usance Bill to Importers?			
Do you believe in Open account?			
Do you hedge foreign exchange risk?			