

ENTREPRENEURIAL BEHAVIOUR ANALYSIS IN THE INTERNATIONALISATION PROCESS OF GLOBAL BORDER TYPE SMALL AND MEDIUM SIZED ENTERPRISES

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In the European and global framework, small and medium-sized enterprises (SMEs) in order to survive the intense competition must expand, meaning that internationalisation has to be an inevitable stage in their strategic evolution at a certain moment in time. The aim of this article is to create a theoretical model regarding the configuration of internationalisation, by taking in consideration various possibilities for the Global Border type SMEs. This type of firms are particular, because of their specific internationalisation behaviour, which may pursue different paths of evolution, as a manner to enter the home market and foreign markets, based on the knowledge incorporated in the offered goods and services, but from the perspective of the moment chosen, as for the start of the internationalisation process.

Keywords: SME, Global Border, internationalisation process, entrepreneurial process

JEL Code: F: International Economics, F23: Multinational Firms; International Business

1. Introduction

In the context of a globalising and more and more integrated world market, new rules of the competitive game are making their appearance, so that internationalisation emerge as an unavoidable stage in the strategic evolution of small and medium sized enterprises (SMEs), generally, and of those from the Romanian economy, in particular. If the stage models and the incremental internationalisation theories regarding SMEs represented the dominant paradigm of the XX century, the appearance of the Global Border type SMEs, which has the tendency to internationalise in a contradictory manner against the stage models and the incremental theory, imposed a new paradigm. Additionally, the entrepreneurship and the internationalisation process which determines the firm behaviour, in order to create value through opportunity exploration and enabling of a unique set of available resources. In the mentioned conditions, befall opportune to analyse the entrepreneurial behaviour of the Global Border type SMEs in their process of internationalisation, in order to elaborate a theoretical model regarding the configuration of their international development.

2. Literature Review – the Internationalisation Process of Global Border Type SMEs

Concerning the process of SME internationalisation, research activities emphasize three main theoretical approaches: the stage approach, the resource-based approach and the network approach. The stage approach describes internationalisation as a linear, sequential and reactive process. The knowledge gained by the firm, as result of the experienced on foreign markets, permits to surmount the psychological distance between firm and markets, and the adoption of a decision, in order to assure a better and more complete exploitation of opportunities. The resource-based approach explains the firm internationalisation phenomena by taking in consideration their specific capabilities, which assures a competitive advantage. The network approach, in order to explain the motivations and modalities of internationalisation, emphasise the importance of the firm's place in its industrial network. By blending the internationalisation level of the firm with the internationalisation level of the market, the stage type

internationalisation can be identified, in which the strategy is linked to the knowledge development necessity, to the adaptation resources and to the exploitation of relations within the network (Johanson, Mattsson, 1988). In the light of these theoretical approaches, the SME internationalisation appears as a complex and heterogenic process. The majority of the models following up the configuration of international development of these firms are of incremental gradual internationalisation type, through a series of evolutionist stages which needs the mobilisation of an increasing and more and more important set of resources and competences (financial, material, relational, learning competences, etc.) (Bell et al., 2003). Networks permits and/or facilitates the insertion of firms in the international flows (Gemser et al., 2004; Etemad, 2005; Coviello, Munro, 1997), while the strategies of internationalisation, elaborated by the firm, depends on its relations in and to the network. In these conditions, the concept of resources and competencies correlates the three traditional theoretical approaches and permits the identification of causes which determines the passing of the firm through the envisioned given steps, in the internationalisation process, from the stage approach (Laghzaoui, 2007).

Recent empirical researches evidenced that some small and medium sized enterprises are internationalised from the moment of their conception or in the first years of their life and activity (International New Venture/ Global Start-up/Global Border) (Etrillard, 2004, 2006; Oviatt, McDougall, 1994; McDougall, Oviatt, 2000; Torres, 2004). Consequently, rapid and almost instant internationalisation of the new firms requires a framework of reference. The interfering changes in the world economy, the evolutionary levels registered by ICT, the existence of business networks and the rising experience of managers, are factors generating an increasing number of market niches and a demand growth for specialised goods. In these conditions, Global Border type SMEs becomes highly competitive, registering rapid growth or the possible potential for substantial growth. In many cases, they ignores their home market and enters directly foreign markets, in developed countries from economic and technologic point of view (lead markets) or having activity concomitantly, simultaneously and competitively also in their home market and international markets (Bell 1995). Therefore, in one hand, the gained knowledge through international experience does not represents any more as central factor in the internationalisation process, requiring to take in consideration other explaining factors, internal and external to the firms (McDougall, Oviatt, 2000, Gemser et al., 2004). On the other hand, the recalled researches does not sustain the idea that stage approach is an exception in the internationalisation process of the SMEs, but rather confirms the important place of the approach in the respective process (Coviello, McAuley, 1999). What makes the difference in the internationalisation of the two SME categories is the time factor. In the Global Border type SMEs appears an early internationalisation compared to the moment of their conception; the rest of the SMEs are differentiated by the time necessary to begin their international activity (McNaughton, 2000) and through the speed of their international development (Jones, 1999). In other words, the international behaviour of SME's, indicated by the entry mode, the considered foreign countries and the development stages, also has a temporal dimension. Additionally, entrepreneurial (McDougall, Oviatt, 2000), financial and technological (Beamish, Dhanaraj, 2003) resources, are recognised as important for firms, in order to assess existing opportunities in foreign markets (Laghzaoui, 2007).

3. Entrepreneurial internationalisation of Global Border type SMEs

The process of entrepreneurship and internationalisation determines the firm behaviour, in order to create value, through the exploitation of an opportunity and by potentiating a unique set of available resources (Johanson, Vahlne, 2003).

The international entrepreneurship integrates, in one hand, the general acception of internationalisation, as a firm level activity, which overpass the national boundaries (Wright,

Ricks, 1994), and on other hand, the characteristics of entrepreneurial orientation, as innovative, proactive and calculated risk-assuming behaviour (Covin, Slevin, 1989).

Generally, SME internationalisation appears as an entrepreneurial behaviour in time, based on a composite manner on innovation, proactivity, calculated risk-taking and value creation (Covin, Slevin, 1991; Jones, Coviello, 2005). Because of this reason, for the Global Border type SMEs the internationalisation behaviour is indicated by the answer of the firm and of the entrepreneur to the changes appeared at a certain moment in the composition of internal and external factors to the firm (Figure no. 1).

The entrepreneur, depending on his competencies, level of innovation and inclination on assuming risks, will have to combine resources within the firm (physical capital, organisational capital, human capital) in order to assure its competitive advantage, in the conditions in which the structure of the firm has to be adapted to the business environment in which acts the firm. This structure will model the international behaviour of the firm and in the last instance its performance, measured through financial and non-financial results.

In the conditions in which, within the frame of Global Border type SMEs, knowledge is a basic competence and a source of competitive advantage (Autio et al., 2000; Ericksson et al., 2000; McNaughton 2001), goods and services offered are extremely specialised, firms being straight forced to globalise in order to be efficient.

Thus, Global Border type SMEs are international from conception or are internationalising in a short time after (Bell et al., 2003).

Their international implication can be realised in parallel, within the home market and the international market, situation in which the origin country is developed from economic and implicitly technologic perspective. In some cases, the international implication of the firm precedes its development on the domestic market or this even can be ignored, the firm being oriented directly and exclusively on foreign lead markets, such as USA or the European Union (Figure no. 1 – Variant 1).

Also, Global Border type firms may internationalise successively on international markets, as at the end to orient on domestic market (Figure no. 1 – Variant 2). This manner of internationalisation implies substantial initial finances to assure product and market development costs. Firms will be beneficiaries of the advantage of first mover and if successfully penetrates lead markets, will obtain sufficient resources in order to rapidly internationalise, and on other markets, else they will be compelled to search for other capital resources.

It is also considerable the situation of Global Border type SMEs which internationalise suddenly, after initially being focused for a long time only on the domestic market. This decision of internationalisation is linked to changes occurred thanks to management buy-out and implicitly changes in management, the takeover of the firm by another already internationalised one or the firm is taking over an internationalised firm (Figure no.1 - Variant 3). In this case, additional human and capital resources appear, experience in international marketing is gained, these having favourable effects on the international expansion rigidity of the firm.

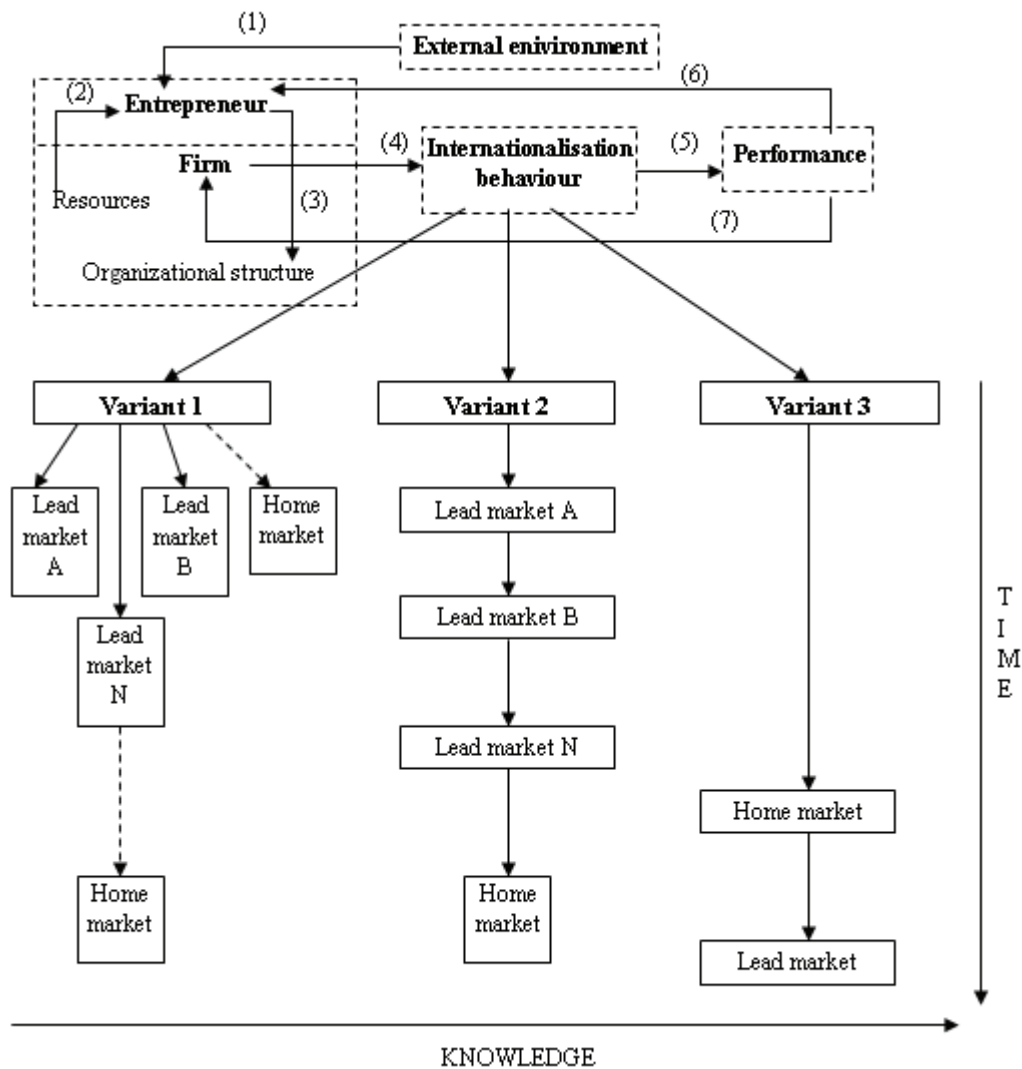


Figure no. 1. Entrepreneurial internationalisation scheme for Global Border type SMEs

In all the cases, entrepreneurs are proactive, adding substantial value to offers through targeting small and specialised global market niches (Bell et al., 2003).

As the internationalisation behaviour of the enterprise is developing in time, performances will have an impact on its behaviour in the future, through an iterative organisational learning process.

4. Conclusions

The concept of resources and competencies bounds the traditional theories of SME internationalisation and makes closer to the new phenomenon, called Global Border. What differentiates the internationalisation process of the two categories of SME is the time factor, in the conditions in which entering new markets entail that both categories to be innovative within the process, in order to generate performance in time. Consequently, internationalisation appears as an entrepreneurial behaviour process of the SMEs in time, result of the relations between the entrepreneur with the internal and external environment of the firm. What makes the Global Border type SMEs so particular is their internationalisation behaviour, which may pursue different paths of evolution, as a manner to enter foreign markets, based on the knowledge

incorporated in the offered goods and services, but from the perspective of the moment chosen for the start of the internationalisation process.

The presented model is theoretical, being necessary its empirical validation, at the level of SMEs in the IT sector from Romania, in the conditions in which the analysis, in its generality, does not take in consideration the moderating effects of the business environment hostility upon the entrepreneurial behaviour, which will constitute, also, another future empirical demarche.

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