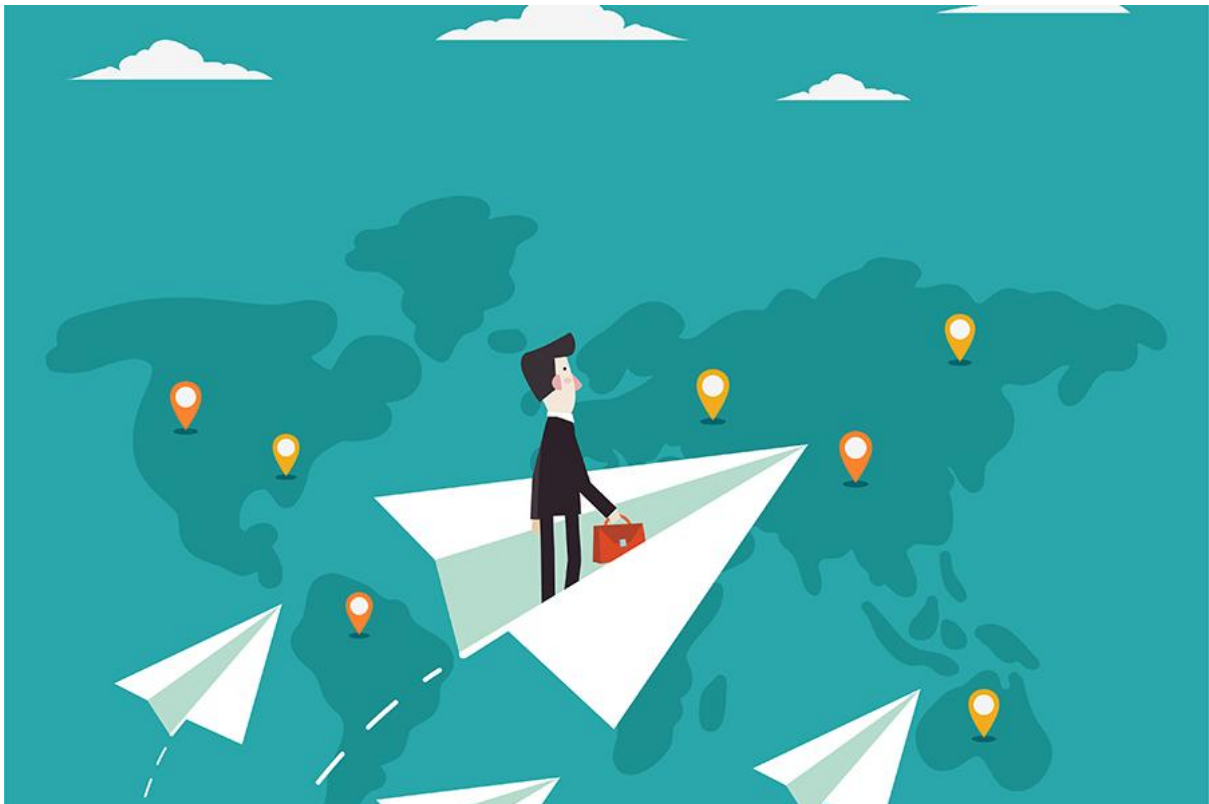


How to take small firms global: Tips for entrepreneurs

By Masoud Karami, Jintong Tang and Ludvig Levasseur | Feb 9, 2022

Internationalising small firms transform their readily available entrepreneurial orientation into successful international performance through learning and networking capabilities. Here are a few ways to nurture it further



International markets present unique requirements and challenges for any successful foreign market entry

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Research has shown that entrepreneurial orientation (i.e., risk-taking, proactiveness, and innovativeness) is a key factor for the successful internationalisation of small firms. However,

it remains unclear how small firms get the most out of their EO in their internationalisation endeavours. This is a legitimate concern because entrepreneurship research confirms that there is no direct association between the entrepreneurial orientation of small firms and their successful internationalisation. International markets present unique requirements and challenges for any successful foreign market entry. While large firms can afford market research and analysis to gain important information about international markets, small firms do not have the bandwidth to do so. However, this liability is not the end of the line, as small firms can utilise their EO to create new foreign market entry opportunities.

RSS According to the internationalisation model (Johanson & Vahlne, 2009), successful internationalisation is all about gaining new knowledge. The Uppsala model explains internationalisation as a process of developing international opportunities via learning, building trust, and developing commitment among network members. Successful internationalisation depends on overcoming the liability of 'outsidership' by building [networking](#) and learning capabilities. Notably, new knowledge about foreign markets, the internationalisation process, and international business is gained through foreign market entry experience within these networks. Trust between partners within these networks also plays a critical role in learning from each other and transforming internationalisation experience into new knowledge.

A recent study by Karami and Tang (2019) applied the Uppsala model to investigate how internationalising small firms transform their readily available EO into successful international performance through learning and networking capabilities. This study reveals that although small firms suffer from liabilities of limited resources, smallness and newness, their EO can be utilised as a strategic resource. Specifically, EO enables decision-makers of small firms to take risks, be proactive in seeking appropriate partners with complementary resources, and be innovative in their solutions to different challenges of foreign market entry. The entrepreneurial approach to internationalisation activates the networking capabilities of small firms and encourages other stakeholders in networks (both in the home and host markets) to share their knowledge about the foreign market and international business. The resultant new knowledge helps small firms unpack the uncertainties of foreign market entry, such as how to enter, when to enter, and what to offer for successful internationalisation.

Recommendations for entrepreneurs and managers of small firms

Building on these findings, we recommend [entrepreneurs and managers](#) of small firms to:

- 1. Treat EO as a strategic resource.** Although financial resources are essential for foreign market entry, lacking such resources should not hold entrepreneurs and managers of small firms back. Indeed, EO can provide access to required resources via networking. As such,

redefining the concept of resources and utilising intangible resources (such as EO) will pave the way for the internationalisation of small firms.

2. Rethink social and business ties. Networking can provide important resources for small firms (e.g., financial resources, market knowledge, international business knowledge and so on). We invite entrepreneurs and managers of small firms to take all their social and business ties both in the home and foreign markets more seriously and build trust. Building trust is the first step toward developing commitment with ties. When entrepreneurs and managers of small firms reach this point, partners are more likely to be willing to share their knowledge of a specific market, product adjustments, and all other important aspects of internationalisation decisions. Gaining such knowledge will enable a successful foreign market entry.

3. Learn from each foreign market entry experience. Each market entry, regardless of its results, can be a source of learning for entrepreneurs and managers of small firms. Turning these experiences into new knowledge requires reflective thinking and open-mindedness. Each decision and action, when reflected upon, can be a new piece of knowledge, guiding future foreign market entry decisions.

This paper is based on the following published paper:

Karami, M., & Tang, J. (2019). Entrepreneurial orientation and SME international performance: The mediating role of networking capability and experiential learning. International Small Business Journal, 37(2), 105-124.

References

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.

[1]Masoud Karami, PhD, works at the Department of Marketing of University of Otago Business School in New Zealand. Jintong Tang, PhD, works at Richard A. Chaifetz School of Business at Saint Louis University in the United States. Ludvig Levasseur, PhD and corresponding author, works in the entrepreneurship area at Indian Institute of Management Bangalore.