

A COMPETENCE-BASED APPROACH FOR SMALL AND MEDIUM-SIZED ENTERPRISES

for selecting suitable international market-entry strategies

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Abstract

On the basis of empirical research, a competence-based model of the internationalization process of Small and Medium-sized Enterprises (SMEs) is developed. The model focuses on so-called International Market-Entry Core Competencies (IMECC), which are global management competences considered crucial during the formulation of a market-entry strategy.

Purpose - This article aims to emphasize the relevance of international managerial competencies as fundamental resources for the internationalization of SMEs and their relation with the market-entry modes.

Design/ methodology/ approach - A preliminary research is carried out to view global management competencies within the context of existing internationalization models. Mainly control, risks and resource commitment are the most widely used criteria to assess upon the selection of suitable market-entry modes. By means of a survey-based explorative research among experts in the field of international human resource management and international business, this study defines a new construct and international parameter: the IMECC. After its definition, by means of a survey-based quantitative research, its impact on the early stage of the internationalization process of SMEs is measured against the opinion of a wide group of international business professionals. Finally, it is tested and compared to the impact of the common parameters, like control, risk and resource deployment.

Findings - The authors designed a model to describe the correlation between the most suitable foreign market entry modes and the IMECC. This study results into a three-dimensional competence-based approach to the internationalization process of SMEs and an alternative classification of the entry modes.

Originality/ value - The conceptualization of the newly defined construct (IMECC) suggests a new perspective on the development of the international strategies within SMEs and some practical implications in the daily business. By adopting this new competence-based approach, export managers can now identify and choose the most suitable international market-entry strategy relying on their own competencies. Furthermore international human resource managers can hire more internationally-competent export managers based on the degree of development of their IMECC.

Introduction

International business has been dominated by large multinational enterprises (MNEs) (Knight & Kim, 2009). Despite the fact that they have been increasingly engaging in the exchange of goods and services in the international business arena; significant market, resource or network opportunities appear for internationalized small firms also (Jones et al., 2009: 1). In fact, globalization, originated and fed by trade liberalization and technological advances of information sharing and web-based communication, empowers an increasing number of Small and Medium-sized Enterprises (SMEs) as well to gain pace in the global race for international expansion. Dutch SMEs definitely confirm such trends. In fact, they represent in the Netherlands approximately 99% of the whole amount of organizations, of which a remarkable 38% is now active in international business (Retrieved from EIM, [http://www.ondernemerschap.nl/index.cfm/ 1,100,0,0,html/Bedrijvendynamiek](http://www.ondernemerschap.nl/index.cfm/1,100,0,0,html/Bedrijvendynamiek) and [http://www.ondernemerschap.nl/index.cfm/ 1,107,0,0,html/Internationaal](http://www.ondernemerschap.nl/index.cfm/1,107,0,0,html/Internationaal), 20 February 2011).

However, the internationalization process does not always succeed and very often it requires more time than originally planned. In fact, not all firms are successful in their entrance to new international markets and most of the times their performance depends on partnerships with local companies, which are active in the targeted foreign markets.

Leonidou (1995) combined his earlier framework with Cavusgil's (1984) into a two-dimensional export barrier schema (Ibeh, 2006: 477). Among the four categories of problems they identified, internal domestic seems to be a very common barrier to internationalization. These problems encompass obstacles from within the firm and are related to the home country environment. They include the lack of personnel with adequate knowledge about international business, who can cope with the myriad of theoretical and practical issues involved in the internationalization process.

In this respect, many private, governmental or other non-profit organizations carry out researches to identify the main internal and external constraints to internationalization. Two of such studies draw the attention to the challenges that many companies face when confronted with the choice of how to enter a new country market. One example is the research performed at the beginning of 2011 by Fenedex, in co-operation with Atradius, the biggest Dutch-based credit insurance organization. Fenedex is the federation of Dutch exporters. With her head office located in The Hague, it currently holds a member portfolio of approximately 1350 companies, which operate in a wide range of business industries and market sectors; from the fast moving consumer goods to the building industry and from the retail to the infrastructure.

In their research “Trends in Export 2011” they presented the bottlenecks the respondents encounter while internationalizing. Their study, carried out in January-February 2011, in the form of a web-based survey, was sent out to approximately 3800 potential respondents, being members or customers of Fenedex and Atradius; 9% of which participated in the research. 55% of the respondents indicated that finding a good local partner in a new country is one of the most important preconditions and 26% of them also points out the importance of having adequate market knowledge of the targeted country market. Furthermore 19% of the respondents bring forward the unavailability of qualified personnel. Insufficient language skills is mentioned by only 10% of the respondents.

In the similar study “Enquête Internationaal Ondernemen 2011”, carried out in May-June 2011 by the federation of Dutch technological companies (FME) among 3000 companies with a respond rate of approximately 10%, 25% of the respondents indicated that they would require extra support in entering a new foreign market. 16% also emphasizes the necessity of collecting cultural information. Furthermore, 20% of them confirmed the importance of finding a good local partner. In the same study, 14% of the respondents pointed out the inadequate development of export competencies within their own firm and 10% also put emphasis on the language and cultural differences.

Scope and objective

This article attempts to tackle the above-mentioned bottlenecks and preconditions. This is done by bringing forward the importance of a strategic consideration of those human resource capabilities, which all throughout this study are referred to as global management competencies, that might have an impact on the overall internationalization process of

the firm and specifically on the choice of the most adequate market-entry strategy. A new construct is defined, named as the International Market-Entry Core Competencies (IMECC); which consists of a list of specific competencies, believed to make managers look at the selection of the traditional entry modes from a new perspective, namely a competence-based point of view. This would add another dimension to the commonly used parameters like control, resource deployment, risks and foreign commitment (Hutchinson et al., 2005) (others: O'Farrell et al., 1998; Yip et al., 2000), which are considered as the most important factors where to base their international investment decision upon.

For this study SMEs are targeted for two reasons. On the one hand, they represent almost the entire amount of organization in the Dutch business arena and on the other hand they are believed to be more representative for the topic at hand.

Theoretical framework/ Literature review

International business is characterized by an increasing number and variety of market players. As they might differ in terms of size, structure and objectives definition, they all explore the global market by following their own ambitions, chasing their projects and in some cases even improvising. Especially the latter seems to occur most likely in smaller firms, which often lack those tangible financial resources needed to structurally operationalize their international ambitions.

This belief is further endorsed by Johanson and Vahlne's (1992) remarks that many firms enter new foreign markets almost blindly, propelled not by strategic decisions or market research, but social exchange processes, interactions and networks (Ibeh, 2006: 472).

Limited resources constrain the creation of unique core competencies, whose development is influenced by capabilities which are deep-rooted in the firm's culture and routine (Collis, 1991). Therefore, SMEs need to base their decisions on other factors and criteria's in order to build competitive advantage in the current global environment.

Market entry is an essential topic in the international business literature. In fact, the establishment of an entry mode is an important part of the process of internationalization. It signifies the formal organizational arrangements of business practices that; (1) cross borders; (2) transfer aspects of the business in the host country and; (3) indicate the form of return in terms of revenue and investment (Jones et al., 2009: 12). It is then logical to

assume that its importance would require thought-through selection criteria's of the most appropriate entry strategy. In this study the following entry modes are considered: export (direct), licensing, franchise, joint venture and wholly-owned subsidiary.

Different approaches exist with regard to entry-mode research; the most, relating entry modes and performance (Rasheed, 2005) and others that view the entry mode as a result of other processes; typically network processes and the formation or exploitation of social capital (Jones et al., 2009) (others: Sharma & Blomstermo, 2003; Moen et al., 2004; Crick & Spence, 2005; Chetty & Angdal, 2007; Gleason & Wiggernhorn, 2007). This article, instead, looks at the market-entry modes and their classification from the perspective of the individual global management competencies within the firm.

Market-entry dimensions

The selection of an entry mode may be based on the strategic consideration of different dimensions that according to existing literature have a direct impact on the choice of suitable entry modes. Previous researches conclude that although firms may have several viable options to choose between, the ultimate decision hinges upon the amount of resources commitment available, extent of risk, potential for returns and degree of control required (Hutchinson et al., 2005: 160) (others: O'Farrell et al., 1998; Yip et al., 2000). In more contemporary literature, global management competencies occupy also an important role as a dimension that may influence the decision-making process for the selection of the entry modes.

Resource commitment

Resource commitment refers to dedicated assets that cannot be redeployed to alternative uses without cost (loss of value). These assets may be tangible (e.g. physical plant) or intangible (e.g. management know-how). By its very nature, most foreign production involves some degree of investment in dedicated assets (Hill et al., 1990: 118-119). Each entry mode requires a different degree of resource commitment.

Risk

The dimension of risk can be defined by two types of risk: the dissemination risk and the country risk. Whereas dissemination risk refers to the risk that specific advantages in know-how might be expropriated by a licensing or joint venture partner (Hill & Kim, 1988), country risk, instead, refers to four types of risks that have a significant impact on a firm's entry decision. These are general political risk (e.g. instability of political system), ownership/ control risks (e.g. expropriation, intervention), operations risk (e.g. price control, local content requirements), and transfer risk (e.g. currency inconvertibility risk, remittance control) (Hill et al., 1990: 122). The element of risk in this study refers mainly to the country risk.

Control

Control can be defined as the authority over operational and strategic decision-making. Different entry modes imply a different level of control over the foreign operation. For instance, the level of control is lowest in the case of licensing and highest in the case of a wholly owned subsidiary (Hill et al., 1990: 118).

Global management competencies

Empirical studies on SME internationalization have also underscored the importance of firm competencies. It has, indeed, been suggested that firm competencies are probably more important than firm characteristics. The specific dimensions of firm competency, which, on balance, have been empirically supported include: technology intensity, research and development (R&D), systematic market research, product development, unique product attributes and quality, distribution, delivery and service quality and advertising and sales promotion (Ibeh, 2006: 476-477).

Within the context of firm competencies, this research focuses on those competencies possessed by the individual (export) managers within a firm. Factors related to managerial competence, international orientation and corporate vision have long been established in international business, SME, entrepreneurship, and retailing literatures as key influences on the internationalization process (Hutchinson et al., 2005: 154). These are often referred to as global management competences. They are specific knowledge and skills, within an international management context, which are described in international management

literature under various constructs with various labels, like global mindset (Rhinesmith, 1992), cross-cultural competence (Gertsen, 1990), intercultural sensitivity (Hammer et al., 2003), and cultural intelligence (Earley, 2002). More recently other definitions for some of these cultural constructs are presented to describe for instance global mindset (Levy et al., 2007) (others: Jokinen, 2005; Nummela et al., 2004), cultural sensitivity (Shapiro et al., 2008), cultural intelligence (Levy et al., 2007) and networking skills (Jokinen, 2005). These different constructs are used for more or less similar competencies and appear to show overlap.

Furthermore, Knight and Kim (2009) define a relatively new construct that they label as international business competence (IBC). IBC is conceptualized as a multidimensional concept that reflects the extent to which the SME adopts a bundle of international competences to carry out international business activities in foreign markets in an effective way (Knight & Kim, 2009). This bundle includes four constructs: international orientation, international marketing skills, international innovativeness and international market orientation (Cadogan et al, 1999; Cadogan et al, 2002).

Based on most of the above-mentioned constructs and especially Birchall's Specific Competences for International Management study (Birchall et al., 1996: 10), the following management competencies can be listed as very important to internationalize: global mindset, intercultural sensitivity, cultural intelligence, international orientation, international marketing, international innovativeness, international market orientation, international negotiation, global awareness, international strategy, cultural empathy, addressing ethical dilemmas, international finance, building international teams, working with stakeholders, foreign language skills, networking skills and organizational translating skills. Actually, the latter is the sole competence not to be derived from previous literature. In fact, it is the result of the practical experience of the authors of this article.

Market-entry theories

The competence-based view presented in this study derives from the in-depth analysis of other theories within the existing international business literature. These are: the eclectic theory (Hill et al., 1990), the resource-based theory (Rangone, 1999; Barney, 1991), international market servicing methods (Root, 1994), the Uppsala or stage model (Johanson & Vahlne, 1997), the transaction cost analysis (Gemser, et al., 2004), the contingency framework (Gao, 2004) and the network-based/ -driven perspective (Carter & Jones-Evans, 2006). It is not the purpose of this article to make a review of these theories. Instead, similarly to the Whitelock's business strategy approach, which is based

on the idea of pragmatism, with the firm making trade-offs between a number of variables in its decision to internationalize and the methods it adopts to do so (Whitelock, 2002: 344); this article uses the combinations of the main parameters and dimensions of each of the above-mentioned theories and their either direct or indirect documented relation to market-entry modes (table 1) to design a new model.

Theory	Dimensions	Relation to market-entry mode
Eclectic theory (Hill et al., 1990)	Control, resource commitment, dissemination risk	Direct
Resource-based theory (Rangone, 1999 & Barney, 1991)	Innovation capabilities, production capabilities and market management capabilities	Indirect
International market servicing methods (Root, 1994)	Control, risk	Direct
Uppsala or stage model (Johanson & Vahlne, 1997)	Control, resource commitment	Direct
Transaction cost analysis (Gemser, et al., 2004)	Benefit of integration, cost of integration	Indirect
Contingency framework (Gao, 2004)	Control, resource commitment	Direct
Network-based/ driven perspective (Carter & Jones-Evans, 2006)	Relationships, interactions	Indirect

Table 1: *Summary of theory, dimensions and relation to market-entry mode*

Methodology

The research methodology of this study unfolds across three phases, following respectively preliminary, exploratory and quantitative approaches.

Preliminary literature review

The first step is a secondary research based on preliminary literature review, which brings forward different school of thoughts and theories with regards to the internationalization process of SMEs. This is described above in the section theoretical framework/ literature review.

Explorative research

The second phase of the research strategy consists of an exploratory research to define the market-entry dimension presented in this article, namely the International Market-Entry Core Competencies (IMECC). This is achieved by addressing 111 international human resource experts, being either practitioners or academics, by means of a web-based questionnaire published on a digital newsletter sent out by Fenedex and afterwards by a direct mailing. As for the addressed academics, they were selected and approached directly and personally by the authors of this study, by means of an introductory e-mail with the link to the same on-line questionnaire used for the human resource experts.

The lay-out and questions of this research were purposely built up in a way to guide the respondents answering the questions in a similar manner as they would have done if presented with a face-to face in-depth structured and close-ended interview.

The explorative research had a double purpose. On the one hand it was designed to define the IMECC. On the other hand it was meant to assess the applicability of this new dimension on the hiring process for employees who would have to manage the internationalization expansion within a firm. The first objective is attained by listing eighteen global management competencies and asking the respondents to express which ones they considered crucial in the early stages of the internationalization process. The possibility to rank them was also given, in order to possibly confirm their selection and identify a pattern. The second objective is achieved by asking the respondents whether they would consider the IMECC a good tool for hiring export managers. In statistical terms, the relevance of each question or statement was measured through a five-point Likert scale, where 1 is the null frequency/ importance and 5 is the maximum frequency/ importance. In this way, the right conclusions could be drawn by measuring the degree of agreement by the respondents on the list of statements.

Quantitative research

The empirical basis of this study consists of internationalizing Dutch SMEs. The term internationalizing implies that the firm has been entering at least one foreign country market in the last twelve months. A few foreign SMEs are included as well. Based on this selected population, the current members of Fenedex and another Dutch trade organization, the Metaalunie, were targeted. The Metaalunie is, with a very wide directory of more than 13000 members, the biggest entrepreneurial organization for SMEs in the Dutch metal sector. Both Fenedex and the Metaalunie are two very active business associations, whose members have been undertaking export or other international practices already for several years. The majority of their members are SMEs.

Within the member database of Fenedex and the Metaalunie, only those firms could be approached that are registered as members which are willing to receive newsletters and direct mailings and which actively participate in the activities organized by their association.

The data collection of the explorative research guides the subsequent phase, which differently from the previous step, is quantitative in nature. Once the IMECC were defined, it was the time to measure whether they have an impact on the decision-making process of SMEs while selecting the most suitable market-entry strategy.

This third phase of this study consists also of a primary research. Its empirical approach, using a web-based questionnaire, surveys targeted export (area) managers about their perception of the importance of the previously defined IMECC.

The success of this third phase depended on the amount of respondents. In fact, with its quantitative character, a substantial number of responses had to be collected in order to be able to draw reliable conclusions. In this respect, direct mailings were sent out respectively by the Fenedex to 669 of its members and by the Metaalunie to 143 of its members, addressing the export (area) managers within each firm. The e-mail included the link to the on-line survey. The questionnaire began with the introduction and description of the previously defined IMECC. Afterwards, a few background general questions about the company were asked to segment the respondents into different clusters based on the type of company (SME or MNC) and their sector of operations. Then, the subsequent questions were aiming at determining the importance of strategy on the internationalization process and the impact of the IMECC on the choice of the entry modes. A three-fold assumption, identified during the preliminary research, was formulated to put forward the possible impact of global management competences (abbreviated as GMC in figure 1 below) on the market-entry strategies. By including the specific terminology and dimensions of this study, the established relation between the IMECC and the market-entry modes, can be graphically depicted by means of the following conceptual model (figure 1).

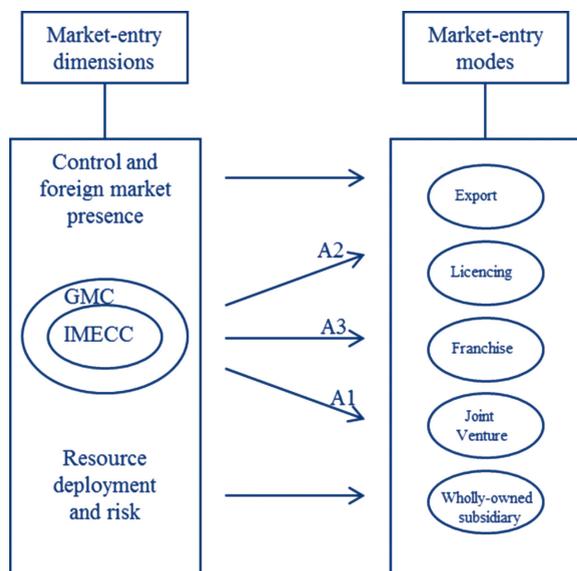


Figure 1: *The conceptual model of the established relation between the IMECC and the market-entry modes*

The three assumptions were:

Assumption (A) 1

The lower the development of some pre-defined core management competencies, the higher the chance for SMEs of choosing for an indirect or co-operative market-entry strategy.

Assumption (A) 2

The higher the development of some pre-defined core management competencies, the higher the chance for SMEs of choosing for export or another direct approach.

Assumption (A) 3

A greater focus on some pre-defined core management competencies can lead to a new classification of the entry modes, which can influence the consequent choice of SMEs on how to approach and enter a new targeted country market.

Finally, it was asked whether with hindsight the IMECC could be a suitable criteria to select the market-entry strategies. In fact, the targeted sample could either be actual SMEs or firms that were SMEs at the time of their early internationalization. Therefore, the awareness of the importance of the IMECC and the validation of the competence-based perspective advocated by this article could be gained also with hindsight. The results of this self-reflection can help other SMEs, which are now in the planning phase of their international expansion. In statistical terms, the same measurement tool used during the explorative research was adopted.

Data collection

Disregarding the initial newsletter attempt, the explorative research was conducted among 111 experts and academics, 11 of which returned fully filled-in and valid questionnaires. This leads thus to a response rate of 10%, a percentage which can be deemed to be sufficient for the scope of this exploratory study. In fact, it is representative enough to gather different opinions and at the same time to find common ground for the definition of the IMECC.

The responses are measured against the amount of 4's (agree) and 5's (totally agree) each competence scored, based on the five-point Likert scale. Out of the 18 listed competencies, table 2 shows that the respondents favored seven competencies, which represent the top 3 scores. These top seven, with cultural empathy scoring the highest, are clearly considered more crucial than the others and they can be regarded as the core competences. Therefore, IMECC consists of the following competencies: cultural empathy, international negotiation, international strategy, international market orientation, intercultural sensitivity, organizational translating skills and networking skills.

Rank	Competence	5's	4's	Total score	Mean	S.D.
1	Cultural empathy	7	3	47	4,55	0,688
2	International negotiation	2	9	46	4,18	0,405
3	International strategy	6	4	46	4,45	0,688
4	International market orientation	6	4	46	4,36	0,924
5	Intercultural sensitivity	6	4	46	4,45	0,688
6	Organizational translating skills	5	5	45	4,36	0,674
7	Networking skills	5	5	45	4,36	0,674
8	International orientation	5	4	41	4,27	0,786
9	Global awareness	2	7	38	4	0,632

10	Global mindset	4	4	36	4	1
11	Cultural intelligence	3	5	35	3,91	0,944
12	Working with stakeholders	3	5	35	4	0,775
13	International marketing	2	6	34	3,82	0,874
14	Foreign language skills	1	6	29	3,64	0,809
15	International innovativeness	4	2	28	3,73	1,191
16	Addressing ethical dilemmas	3	3	27	3,73	1,009
17	Building international teams	1	4	21	3,55	0,688
18	International finance	1	1	9	3,09	0,831

Respondents' 'Crucial' rankings (rated '4' or '5'), n = 11

Table 2: *International Market-Entry Core Competencies (IMECC)*

It is remarkable to notice that the competence added by the authors of this article, the so-called organizational translating skills, is highly valued by the respondents and therefore it can be included in the top 7 as one of the core competencies constituting the IMECC. Another positive outcome of the explorative research is the confirmation that the IMECC is viewed as a good tool for hiring export (area) managers. In fact, 91% of the respondents agrees with that statement.

The IMECC can be seen as influential features for internationalizing. They can be added to the dimensions of control and resource deployment, leading thus to the development of a three-dimensional competence-based model.

Results

The quantitative research was carried out among 669 members of Fenedex and 143 firms belonging to the Metaalunie. Due to the rules of both organizations, the respondents had to be anonymous and it was not allowed to know to whom they sent out the surveys. This aspect might have resulted in a certain degree of overlap between the two target samples, as a company can be member of both organizations at the same time. Although, this is a limitation, for the sake of this analysis it is assumed that no overlap occurred, as it can be neither measured nor quantified. Therefore, out of the total sample of 812 addressed export (area) managers, 71 responded fully to the survey. This leads thus to a response rate of approximately 9%, a percentage which can be regarded as representative for the scope of this study.

Similarly to the analysis of the explorative research, each topic of the quantitative questionnaire is assessed against the amount of 4's (agree) and 5's (totally agree) each statement scored, based on the five-point Likert scale.

The companies that took part of the quantitative research are almost all SMEs or were such entities when they started internationalizing. In fact a major 97% of them counts or counted up to 250 employees when they started looking across borders and decided to undertake international expansion. This was to be expected due to the population and sample selection of this study. For this reason it is not significant to compare the results of the SMEs with the MNCs.

The firms included in this study are active in various business sectors. In fact, whereas 16% of them operate in the building and construction sector, 70% are active in other industrial markets, in the off-shore sector or agriculture sector. Specific business-related conclusions cannot be drawn.

The empirical data gathered in order to answer the three assumptions lay the basis for designing a new model to classify the market-entry modes; whose validity is measured against the experience of a large targeted sample of Dutch SMEs and a few foreign SMEs as well. Therefore the developed model is both designed and at the same time tested in practice. It can be referred to this model as the Three-dimensional Competence-based Market-entry model (table 3 and figure 2).

	Dimensions		
Entry mode	Control and foreign market presence	Resource deployment and risk	IMECC
Direct export	Low	Low	High
Licencing	Medium	Medium	Medium
Franchise	Medium	Medium	Medium
Joint Venture	High	High	Low
Acquisition/ Wholly-owned subsidiary	High	High	Low

Table 3: *The Three-dimensional Competence-based Market-entry model*

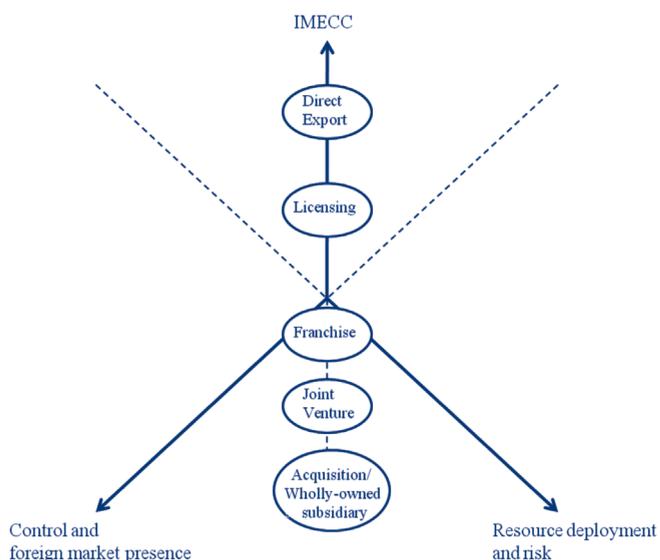


Figure 2: *The Three-dimensional Competence-based Market-entry model*

This approach to the internationalization process suggests an alternative classification of the entry modes. In fact, whereas according to the existing literature export requires a minimum amount of resources and for which the least level of control can be expected, it would reversibly require, according to the findings of this study, the highest development of international market-entry core competencies. Equally on the opposite extreme, an acquisition or wholly-owned subsidiary that according to the traditional models would find itself at the highest point in the entry-mode ranking, following the line of thinking of this article it would occupy the lowest position of the newly designed classification of the market-entry strategies; for which the lowest degree of international market-entry core competencies are believed to be needed.

Discussion

The starting point of this research is, thus, the apparent lack of focus on managerial competences; as they seem to be underestimated and that they might have, on the contrary, a determinant role. In fact, they might make the difference particularly in smaller firms, which often do not have considerable financial resources at their disposal.

The significance of the identified IMECC is empirically validated. Its positive significance leads to the design of a model to help firms choose the most suitable market-entry strategy and a tool for hiring the right (export) managers who possesses the IMECC. Alternatively from hiring, this tool may assist in the design of training programs or courses to either develop or strengthen the IMECC. In fact, knowing what managerial competencies are present and the ones the management lacks may suggest to what cross-cultural aspect of international business more attention is needed. Training and re-location programs can then be developed accordingly.

The main research sample consists of Dutch SMEs, as their proximity allowed a larger number of respondents to be included. In this way the competence-based model is designed and afterwards it could be tested on foreign firms as well. In this study SMEs are defined as firms with 250 or fewer employees according to the EU recommendation 2003/361/EC (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm) and with no subsidiaries abroad.

Most of the theories highlighted in the literature review describing the process of internationalization of firms have been primarily developed and tested to illustrate the internationalization process undertaken by MNEs. However, although recent studies have confirmed that conclusions reached in the context of large firms may be inappropriate for small organization (Andersen and Boocock, 2002, 5), they are considered also for this research. This is due to the lack of theories developed specifically on SME. Therefore, this study, with its outcomes contributes towards adding a new model more applicable to smaller firms.

Finally, this article lays the basis for further research. In fact, the relation between global management competencies and international market-entry modes could be explored more in depth. The results of new studies might confirm the conclusions of this study and help towards the generalization of its results under other national business environments.

Reflections and limitations

This study is not without its limitations.

In the first place, both explorative and quantitative investigations are carried out almost entirely among Dutch SMEs, which could impede from generalizing the results to other countries and restrict the applicability under other national environments.

Secondly, although the chosen sample for the quantitative research of this research covers numerous members of Fedex and the Metaalunie, high reliability could not be expected, as the response rate to web-based survey is generally quite low. Furthermore, a certain level of overlap between the two target samples might have occurred, as a respondent could be at the same time a member of both organizations.

Finally, although the method used during the explorative research proves itself to be valid for the scope of this study, perhaps a web-based questionnaire might not exactly have the same results of face-to-face interviews.

To conclude, this same study could be tested in other countries or by addressing a substantial amount of foreign firms. This extension of the research would allow a higher degree of generalization of the applicability of the three-dimensional competence-based market-entry model.

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