

XVIII APRIL INTERNATIONAL ACADEMIC CONFERENCE ON ECONOMIC AND SOCIAL DEVELOPMENT

TITLE: EXPLORING THE PATTERNS OF RESOURCES LEVERAGING BY SMES IN THEIR INTERNATIONALIZATION PROCESS

Aim of the paper

The lack of resources and capabilities in small and medium enterprises (SMEs) is a major force for the externalization of tasks. This research aims to explore the role of external resources that contribute to firm capabilities, during the process of internationalization using export as a most common mode. The research explains three different phases: from non-regular export activities to regular export via independent agents/ intermediaries, from indirect to direct export activities via sale subsidiaries, and from non-regular export activities to direct activities.

Contribution to the literature

Absent an understanding of where heterogeneity in resources and capabilities comes from, it is difficult for researchers to fully explain how firms use resources and capabilities to create competitive advantage. Emergence of the exporters from developing countries provide opportunities and contribution to the local economic development. These events however are not taken place simultaneously in different areas, rather more intensely in some growing economies such as Vietnam. This work explores the patterns of resources leveraging by SMEs in their internationalization process. By answering that, we are able to understand in which direction the differences between non-exporting firms, indirect exporting firms and direct exporting firms are. Additionally, it is vital to empirically interpret why some firms outperform others.

Methodology

Following a thematic analysis, this research explores two main concepts: organizational capabilities and network-based resources. This study integrates insights from existed theory in international entrepreneurship and resource-based strategy with the view of dynamic capabilities and external resources. A descriptive approach is applied to deeper explain the influence of external resources on export performance of firms. This study uses qualitative research methodology with ten in-depth interviews, including business managers and business coaching experts. Different codes and categories are analyzed with the support of computer-aided software.

Results and implications

Our results corroborate that indirect exporting firms do leverage their exporting capabilities from networking resources. Networking represents a crucial factor that the firms should approach. Although networking resources are available, it is almost certain that non-exporting and indirect exporting firms also are not dynamic enough to absorb these resources. Indirect exporting firm lack of dynamic capabilities. Likewise, the home country institutional network environment still shows to be insufficient. Similarly, the findings also confirm that external supports play an important role for direct exporting firms. Direct exporting firms involve more frequently in different forms of externalities to maintain their position on the international market. Nevertheless, we think that the support from these associations are highly substantial but still remain under firm expectation. This study assists local firms in making their first export decision through a more thorough understanding of the conceptualization of internationalization process. The result offers firms the ability to better prepare for their international commitment.