EXPANDING THE RESOURCE AND MARKET REACH: DO INTERNATIONAL ALLIANCES AND MARKETS ENHANCE VENTURE SURVIVAL? (SUMMARY)

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SUMMARY

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Principal Topic

This research looks at SME survival as a function of both resource ownership and leverage, focusing more specifically on technology resources. We take an international perspective in examining the pool of technology resources, both within and outside the firm, that serve as an input to a firm’s activities, and the market that values and purchases the output of these activities.

Method

Our survey examination of 1,621 Korean SMEs suggests that technology resources themselves do not provide superior survival prospects, but internationalization on both the input and output side can explain survival, as well as modify the relationship between technology resources and survival.

Results and Implications

Our research suggests that advantage from resources is not just a matter of ownership, but leverage on both the input and output side. Also, we make a distinction between domestic and international R&D resources and we focus on deploying resources in international markets. These observations are likely to become increasingly relevant as SMEs, not just large multinational firms, become increasingly global. We believe these results have both practical and policy implications. Owners/managers of technology-based SMEs should be aware of the importance of a global perspective, and develop the capabilities to manage both international alliances and sales. Previous authors caution that alliances can increase the complexity of innovation processes and SMEs should be aware of attempts by partners to control these relationships and extract disproportionate value from them. Alliances therefore require experience and managerial resources to implement effectively. International partnerships require knowledge about international cultures and policies, making this a greater challenge.

For policy makers, a country’s employment and its comparative technological advantage depend on its ability to foster the development and growth prospects of small and medium enterprises. Policies enabling collaboration and trade across borders bring SME competitiveness to an international scale. This provides for greater knowledge exchange, and broader and diverse markets in which firms can apply their knowledge, both of which ultimately benefit the country and its citizens and create a globally competitive business environment.

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