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THE ROLE OF SME INTERNATIONALIZATION FOR PURSUING OPPORTUNITIES (SUMMARY)

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**SUMMARY**

**THE ROLE OF SME INTERNATIONALIZATION FOR PURSUING OPPORTUNITIES**

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**Principal Topic**

Internationally active SMEs experience stronger growth rates and exporting SMEs tend to be more profitable than those merely active domestically. The decision by SME managers to internationalize is an entrepreneurial act. Geographical market expansion (by opening up new markets) and venturing into international markets (as pursuing opportunities) are consistent with different definitions of entrepreneurship. Yet, firm-level entrepreneurship of established SMEs in international markets still lacks theoretical understanding and empirical investigation.

This paper contributes to the body of knowledge at the entrepreneurship-internationalization interface by applying the opportunity-based conceptualization of entrepreneurship initially developed by Stevenson to the venturing of SMEs into new foreign markets. Following the subsequent operationalization by Brown et al. (2001), this conceptualization of firm-level entrepreneurship gauges firm-level opportunity-based behavior, which is at the heart of SMEs expanding into new international markets.

**Method and Data**

Stevenson presents entrepreneurship as a managerial approach focusing on pursuing and exploiting opportunities without regard to the resources currently employed. He contrasts this with administrative behavior (making efficient use of the existing resource pool). Based on his original work, further developments by Stevenson (and colleagues), and Brown et al. (2001), these two behaviors can be contrasted along eight dimensions: Strategic Orientation, Commitment to Opportunities, Commitment of Resources, Control of Resources, Management Structure, Reward Philosophy, Entrepreneurial Culture and Growth Orientation. While Stevenson’s conceptualization is widely known it has hardly been empirically applied. To test the above dimensions of Stevenson’s conceptualization of entrepreneurial behavior related to SME internationalization, we use data collected from a stratified probability sample of 400 exporting Swedish SMEs. We measure firm internationalization as percentage of sales from new foreign markets. Stevenson’s eight dimensions of entrepreneurial behavior are measured by using Brown et al.’s (2001) instrument.

**Results**

The results highlight the importance of entrepreneurial management for international expansion of SMEs. In particular, a value-based reward philosophy is important where compensation is based on how individuals contribute to value creation. The firm’s entrepreneurial culture is also relevant, in which new ideas are valued and sought out. In addition, managers’ growth orientation is found to enhance the expansion of SMEs into new international markets. Going international increases the size of the potential market, thus providing ample opportunity for growth.

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