CHALLENGES FACING UK SMES IN INTERNATIONAL DEVELOPMENT

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ABSTRACT. In the UK, Small to Medium Sized Enterprises (SMEs) are encouraged to develop overseas business for a variety of reasons, such as sourcing of products and components, seeking new markets and developing international partnerships. Although the UK government, industry leaders and professional bodies encourage international growth, SMEs themselves also recognise the need and benefits of trading in international markets. One of the major challenges facing SMEs, and particularly owner-managed business, is how to formulate their approach to international markets.

This paper aims to establish key issues UK SMEs are facing in the process of trading internationally. The paper is based on qualitative research exploring the concept of ‘global mindsets’ and the extent to which this approach is applied in SMEs operating internationally. The research views the concept of a global mindset from a wide perspective and includes: awareness of global issues; knowledge about other countries and cultures; development of competencies and aptitudes needed for working in and operating a business in a global context; and SME responses to cultural perspectives (as managers, employees and customers). The level of awareness of needing deep local knowledge and cultural sensitivity in building good relationships with suppliers, distributors and customers is also discussed.

The ‘soft skills’ that MNEs either recruit or develop amongst their international managers, are not readily available to SMEs. SMEs must therefore develop their own understanding of the skills required in order to build their organization’s capability. This research focuses on identifying the decisions and actions needed for SME international business development, including the resource implications and timescales needed to develop markets and build relationships.

Key words: SME, International Capabilities, Global Mindset, International Business

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Introduction

In the UK and EU Small to Medium Sized Enterprises (SMEs) recognise the need to trade internationally and are encouraged to develop overseas business

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opportunities by governments, industry leaders and professional bodies. There are a variety of reasons for SMEs developing an international approach and growing business overseas, including sourcing of products and components, seeking new markets and developing international partnerships.

Therefore the development of an international stance and developing appropriate management capabilities is vital for SMEs. However, such development also presents a challenge for some SME directors/managers. They may have little or no business experience of managing and operating overseas, and there can often be a degree of uncertainty regarding formulating and managing their business approach to international markets.

This paper explores factors relevant to owner-managers of SMEs focusing on the ‘soft skills’ that are needed in developing and maintaining international business effectively. The drivers for SMEs to conduct business internationally are discussed, as are the needs to develop, share and exploit capabilities for growing the international business.

For the purposes of our research, we have adopted a broad perspective of the international management issues involved, and include: awareness of global scale issues; knowledge about countries and cultures; development of competencies and aptitudes needed for operating a business in a global context; and responding to the variety of cultural perspectives (as managers, employees and customers).

**Literature Review**

An examination of the literature establishes that the process of internationalisation has largely been viewed as a series of stages. The Upsalla model traces firms moving from domestic markets to export (either direct or indirect exporting through agents). However, Holmlund et al (2007) propose a need to consider importing as a vehicle to develop overseas business, and suggest links between importing and exporting. They suggest that imports are focused on operations, whilst exports on marketing. As a result, the definition presented by Welch and Luostarinen (1988) may be useful, defining internationalisation as ‘…the process of increasing involvement in international operations’ which implies that inward business activities may have a strong impact on the internationalisation process. The network approach, focusing on exploring the impact of social relationships between individuals and showing how relationships may increase overseas business developments, is therefore a valuable alternative approach to understanding internationalisation, (Holmlund et al, 2007).

This change in focus also suggests a need to understand the ways of thinking of those working in an international context. It is thus helpful to consider perspectives on developing a ‘global mindset’. The term ‘global mindset’ has become increasingly widely used in the business world to describe a way of thinking or understanding the world and its impact on business, but yet there is no
single accepted definition. Whilst it is recognized that companies can structure experiences and plan employee development to increase global thinking and cultural competencies, establishing how this is achieved is of value. Rhinesmith (2001) suggests that a global mindset is developed through both Intellectual and Emotional Intelligence and that this leads to the development of skills suited to the global environment. This is supported by Bonache and Brewster (2001), who identify the importance of tacit knowledge in developing more effective expatriate employees.

Although much of the research on internationalization has studied MNEs, it is important to understand the impact on smaller businesses and the means by which SMEs achieve internationalisation (Hutchinson and Quintas, 2008). McDougall and Oviatt (2000) recognise ‘accelerated internationalisation’ in SMEs, specifying that ‘international entrepreneurship is a combination of innovative, proactive, and risk-seeking behaviour that crosses national boundaries and is intended to create value in organisations’. This definition underlines that company size is not a determinant for having international aspirations.

There is also the important factor when studying SMEs is that they “cannot be considered as smaller clones of larger enterprises” (Majocchi and Zucchella 2003). In particular the available resources – finance and management (Majocchi and Zucchella 2003), and market and competitive information (Hutchinson & Quintas 2008), are limited.

It is worth noting that the term ‘born global’ has been used to describe companies that recognize the global nature of their business from their inception. Gabrielsson et al (2008) recognize ‘born globals’ as a subset of international entrepreneurial SMEs, and give a full debate on the different categories concerned. Recognition of such firms shows the need to examine the issues smaller and newer firms face in developing the necessary skills for managing the business.

Whilst Wyer and Smallbone (1999) identified that deciding to enter overseas markets is frequently driven by opportunistic behaviour, Jeannet (2000) found that companies have been shown to take a pro-active approach to identify suitable markets using a range of criteria – economic development, demand for product/services. Bartlett (2006) identified companies that responded to the availability of resources (technical, marketing, research capability) in the target country and Majocchi and Zucchella (2003) identified those basing decisions on the level of risk associated with particular markets.

This begins to show that the selection of markets will be dependent on a range of company and situation dependent factors including market “size or volume, or from their technological development” (Jeannet 2000). Holmlund et al (2007) have documented the motives for developing international business as including: management interest, limited domestic market, and inquiries from buyers, as the major motives for SMEs to start exporting. Importantly, Majocchi and Zucchella (2003) recognise that SMEs identify target markets that are easier to understand and serve; are similar or closer geographically, or as a ‘global niche
approach’. In both cases the ‘organisation aims to reduce the complexities of foreign market commitment’.

Whilst these studies show a reasoned approach, others have found equally rational approaches but driven by ‘softer’ management skills. For example, Bjorkman and Kock (1997) show that a manager’s social relationships influence the level of interest and possibilities for international trading. In addition, previous international experience of managers and companies is also beneficial; Holmlund et al (2007) cite a reduction in cultural barriers, greater confidence and a more proactive approach towards opportunities, increases the propensity for SMEs to trade internationally. This is supported by Majocchi and Zucchella (2003), who state that “firms that have exported intensely….have generated a value process… from the beneficial effects of accumulated knowledge”.

Researchers highlight the significance of taking a strategic approach to developing international capabilities for achieving success in international markets (Ghobadian and O’Regan 2006, Hanna & Walsh 2008,). Roper (1997) reports "a considered strategy enables organisations to develop and maintain competitive advantage". Whilst there are clearly a variety of approaches taken to developing internationally it is worth noting that Ghobadian and O’Regan (2006) found that using a ‘formal strategic planning’ approach provides a stronger basis for business performance. This is supported by Holmlund et al 2007 and Roper 1997.

According to Majocchi and Zucchella (2003), ‘the biggest obstacle for international expansion of SMEs is a “knowledge gap”’. The gap in an SME’s knowledge may be in many different areas such as efficient and effective ways of gathering market knowledge about a country, or complexities of entry into a specific market. Another aspect of this challenge is the ability to share relevant information on current and potential markets amongst relevant staff. Further support for these challenges is given by Karagozoglu and Lindell (1998) who cite difficulties in forming international partnerships, lack of managerial experience and competence, and difficulties gathering information as barriers to internationalisation facing SMEs. Majocchi and Zucchella (2003) identify that the entry barriers of some markets are significant, e.g. the North American market having complex entry barriers and competitive internal market. Additionally, Holmlund et al (2007) classified some companies as ‘pure-exporters’ and thus having only limited experience and information, and finding themselves “more dependent on governmental and/or association support”.

A key factor of SMEs is the impact and influence of ownership on the extent of management capability and management approach of the organisation. Ghobadian and O’Regan (2006) quoting Daily and Dollinger (1992) "concluded that ownership (family ownership and professional management) influenced firm size, firm strategy and internal control systems”; effective leaders will “instil confidence, share vision, and be a catalyst for change”. This is particularly significant in SMEs because of the limited depth of management resources. Often
responses to changes in the business environment are "shielded by the current
culture and beliefs of the owner/manager" (Ghobadian and O’Regan 2006).

Hutchinson and Quintas (2008) state "organisational learning within
innovative SMEs is dependent upon the ability (often the owner/manager) to share
their knowledge with employees". There is a need to achieve a practical balance
(with limited resources) between knowledge acquisition and its' exploitation. Zhang et
al (2006) report, success is linked to ‘effective environmental scanning and to a greater
willingness of owner-managers to share knowledge with their employees’.

As previously discussed, the concept of a ‘global mindset’ suggests that
companies can structure experiences and plan employee development to increase
such global thinking and cultural competencies. Whilst Bonache and Brewster
(2001), identify the importance of tacit knowledge in the effectiveness of expatriate
employees; Holmlund et al (2007) identify several approaches to developing
capabilities within the organisation. They explain "those companies with importing
experience benefit from a reduction in cultural barriers” and create leverage
through their importing business-partners whilst 'pure-exporters' consider
themselves more dependent on formalised external support. Companies deemed to
be more capable, encouraged the interchange of information across departments,
for example between Purchasing and Marketing. Some organisations actively
encourage social contacts to informally share information and develop capability,
and are able to make "more strategic import-export choices based on accumulated
knowledge" (Holmlund et al 2007).

It is worth noting, however, that SMEs work with limited resources, time and
'systems' for sharing information internally (Hutchinson & Quintas 2008). Despite this,
Holmlund et al (2007) report that it is possible, and further emphasises the expertise
and experience of owner/managers to enable this to happen.

Whilst all international business may be considered as "networking",
according to Lorenzoni and Lipparrini (1999) the creation of networking capabilities is
seen as demanding "strategic intent". They cite the roles of partners in a given network
developing and changing - "as companies develop confidence in their partnering
capabilities it weakens the boundaries of the enterprise”; thereby achieving positive
effects. Hutchinson & Quintas (2008) also report that SMEs can create competitive
advantage by collaborating with other companies; but they "must have the ability
to search for and share knowledge, particularly across the firm boundary".

The literature suggests that SMEs use a range of approaches to develop
knowledge and identify trading partners (Hanna & Walsh 2008; Hutchinson & Quintas
2008; Majocchi and Zucchella 2003), such as government support agencies, trade
associations and networks established both in the home country and internationally.
Additionally, "trade events play an important role in providing information about
competitors, new technology and potential partners" (Hanna & Walsh 2008).

The advantages for these relationships are varied; although all may offer
some combination of capability, information or expertise to the SME (Hutchinson
& Quintas 2008); companies are not intending to steal skills or knowledge from their partners, but to apply it to strengthen their own capability and market reach. Further, SMEs with international ambitions actively seek to develop new networks to support their company’s capability (Loane & Bell 2006).

To summarise the factors identified which guided our research:

- A structured approach to leads to greater success
- The role of the owner/manager is significant in building a successful international business
- Greater knowledge, access to information, and experience increases SME’s capabilities for conducting international business
- SMEs have limited resources and need to develop global awareness and share knowledge across the business
- Networking provides assistance for international development

**Research Methodology**

Following earlier research with large/multinational enterprises, it became apparent that the issues which smaller organisations (SMEs) faced were very similar. SMEs are being encouraged to become more pro-active in international markets, and the UK Government provides support and funding, such as trade fairs and consultancy for business development. However, there is little discussion on the “management issues” which SMEs need to address to be successful in international markets. This research is based around establishing the awareness of the need for these skills; and what actions those responsible for international business development are actually taking.

The first stage was to hold a focus group with UKTI (South-East) International Trade Advisors, as they work with businesses with such experience in SMEs. The purpose was to establish that our research interests had sound business relevance and the broad range of relevant questions that needed to be answered. These Trade Advisors fully recognised the issues which our research was investigating and gave their support by introducing us to some of the respondents.

The methodology used in this investigation into the level of development of UK SMEs in the process of internationalization, is semi-structured in-depth interviews with a founder and/or senior manager from each organization. Respondent SMEs were from a range of industries (from industrial machinery, hitech, technology, beverages through to a range of service companies) in England. They were not chosen randomly as this exploratory research was attempting to develop in-depth knowledge of specific business activities and approaches needed for international trade. Patton (1987) and Hanna and Walsh (2008) recognise the benefits of such purposive sampling when conducting exploratory qualitative research. Our reasons for taking this approach include gathering data from the eleven interviewees - all key people responsible for international business and with
access to sensitive data. Ghobadian and O’Regan (2006) suggest that high-ranking informants can be more reliable sources of information than lower ranking counterparts. In our study the highest ranking and most knowledgeable in terms of the specific businesses were MDs, Owner/managers and General Managers who have a broad overview of managing the business.

The challenges of accessing these people who are particularly ‘time-poor’, required a concerted approach (Collins and Cordon 1997). Our first point of contact was by telephone to introduce ourselves, followed by an e-mail confirming our authenticity and the research topics. We have also been meticulous in confirming dates with interviewees to ensure availability. Throughout the research process we have been conscious of the need to build trust between the interviewees and ourselves in order to gain detailed and/or sensitive information about their approach to building their overseas business.

All interviews were recorded to ensure accuracy in establishing what was stated; all interviewees were willing for this to happen.

**Results**

The findings of the research are presented under a series of headings to clarify the environment and parameters for managing effective international business.

**A structured approach to leads to greater success: through qualified market/agent selection, managing agencies; and providing customer service**

In many of the respondent companies international business opportunities involved consideration with respect to: scale and scope, product development or adaptation, and either ongoing logistics or service support. Therefore for many it can be characterised as the development of a business relationship rather than simply ‘receiving an order’. However, the time commitment to manage business relationships is significant, and even more so for SMEs with limited management resources. It is therefore important that companies recognise this and make a strong commitment to a long-term strategy for developing international business. Companies need to pay attention consistently to existing markets and customers, and at the same time being alert to future opportunities in other countries.

Amongst the respondents, long-term commitment for developing international business was recognised as vital. One respondent stated that it could take up to 5 years before winning business with some clients. This was particularly due to their business sector - manufacturing and installing display and security systems. Not all international contracts take this long, but respondents noted that it does take time to build trust with customers and agents, and develop applicable products and services relevant for international markets.

The need to qualify markets and/or agents is especially important because of the limited resources, and an increased loss of opportunity if the ‘wrong’ markets...
are pursued. Respondents identified a range of key qualification parameters, including: geographic proximity/accessibility; language; size of market; levels of finance; political stability; and country procedures and legislation.

Where the companies interviewed conduct business through agents, they recognised that agent companies may have different trading objectives to their own. For example, an agent may wish to carry the company's products, in order to offer a comprehensive range on its portfolio, but it may be directed by its own commercial targets to give priority to competitor products. It is therefore important that the company qualifies the prospective agent, supports it in promoting and selling its products, and manages agency agreements diligently to achieve business success. One important qualifying factor is the 'scalability' of the agent - do they themselves have the ability to grow? and grow your business opportunities in the international territory?

More broadly the factors/capabilities which are important for assessing agents include: size and market presence; motivation to 'carry' your brand; commitment to identifying further business opportunities; and willingness to communicate with your company. As for the supplying company, it is important to continue to develop the relationship with the agent, to encourage them to support your own business environment scanning. Similarly it is important to train and support the agent, to enable them to promote your products and services effectively.

Whilst every respondent company recognised the need to adapt products and services to match the requirements of international markets, this had a stronger impact on some than others. Companies identified the need to adapt their products or product ranges to meet 'local' tastes, or found that their agents would select products, by default, themselves to match local requirements. The factors concerning the need for adaptation, or at least the need to adapt its operational perspective, present themselves in a number of forms. For example, respondents emphasised the extra effort required to present a credible business case for its products and services.

In a different context, a software developer, identified a number of factors which it had to deal with as part of its international market development. A major concern was the need to adapt the product itself - i.e. a library of terms within the software had to be "translated" into those used in the foreign market. This did not mean translation of words, but their application in a technical context, which was quite different even between the UK and the US markets.

Instances like these can lead to misunderstanding, confusion, and difficulties in "winning over" prospective customers. This can also lead to higher costs and ongoing support issues, which must be recognised by the service company to achieve profitable business, and a sustainable support capability.

Whilst there is a need to adapt company processes and procedures, it is essential to establish realistic customer expectations regarding communications and response times. With the SME's limited resources this is important for achieving successful and manageable international business in the long-term. Therefore the
evidence suggests the need to take a structured approach to the selection and development of international markets in order to enable the company to operate effectively in those markets.

The role of the owner/manager is significant in building a successful international business

SMEs recognise that the world has become much more competitive - "customers now expect the highest quality products to be delivered at the lowest market price". Thus creating a driving force that led many respondents to recognise the need for clear leadership and for developing an effective international strategy.

There was also clear acknowledgement and recognition of the need for a long-term commitment to developing successful international business. However, for SMEs, putting that commitment into practice over a period of time is very demanding. Other business pressures cause conflicts of priorities, detracting from the concentrated focus needed for building overseas business.

Amongst the respondents most had had significant international business experience, half with over 20 years or more, and for others throughout their career; their expertise often developed in much larger companies. Whether this overseas experience was gained in the countries in which they now operated doesn't appear to be crucial. What is important is that it had increased their awareness for adapting to cultural and commercial differences.

Beyond this, a significant factor for international managers was a strong desire to "control their own destiny", which also showed up in their personal commitment to their role, and their personal commitment as owner/managers to the international success of their business. In the interviewed companies it was clear that it is the owner/manager who drives the direction of its international business. Whilst qualification parameters of various types are applied the selection of markets and approaches to those markets is determined in the MD's office.

Greater knowledge, access to information, experience increases SME’s capabilities for conducting international business

An essential requirement of all companies setting out to 'break into' international markets is access to good marketing information on the target countries; yet gathering information can be either time consuming or expensive, or both. Many respondents recognise the value of the assistance offered by consultancy and networking support groups, such as those programmes delivered by UKTI. Even so, a small number of respondents suggest that more 'government' support - both financial and resource-orientated, should be available to encourage early stages in international development activities.

However experienced companies are able to adapt its 'market' research methods over time. Initially, one company purchased commercially produced
market-profiling data. As it gained experience and having refined its needs, it uses web-based sources as an effective means of gathering relevant information; hence reducing costs. They also subscribe to "Google Alert" to identify specific business opportunities. Others emphasised the imperative to gather market intelligence on each overseas visit.

Regarding the subject of commercial contracts, respondents raised the issue of their own company's perspective on understanding the role and nature of a contract. One respondent identified different types of understanding - that in the UK a contract set out the actual terms of business, whilst in other market areas that it is really a formal agreement to work together. More significantly they identified that a contract in China, even though signed by the customer, "wouldn't be looked at, at all"; and yet the supplier would be expected to respond to any new requirement of the customer company. It is important that companies trading internationally understand these perspectives; otherwise friction can occur between companies, especially at critical times in service delivery.

**Networking – External partners for international development**

One company, a 'born global', has created a network of supporting partners for a range of business expertise and capability. This network includes resources for Marketing and Financial Management whilst the operational activities of Production and Distribution had been outsourced at its inception. In addition, it operates in a loose network with other suppliers working in similar markets, to identify and share business intelligence and potential opportunities.

Building relationships with customers/agents and joint suppliers requires a strong emphasis on building trust, and the associated implications varied depending on the country. Some respondents reported developing personal/family contacts with their international business associates. Other companies related how they make practical use of their relationships with international partners, for example jointly sharing trade stands at exhibitions. Thus, they are able to offer a wider range of products and capabilities and have access to more markets. Indeed, one respondent emphasised these forms of benefit; they and their overseas partners were able to share knowledge, and both project more confidence when presented with business opportunities.

One company, in the engineering sector had identified the significance of one of its major customers who themselves operate across the world. They recognised the power of the "lead customer" and used this to leverage their own opportunities in international markets. Where SMEs have such customers, this offers the opportunity to reduce the significant costs of developing overseas business.

Company respondents underlined the need to select and qualify all relationship partners carefully, even contractual; recognising that these should be
considered as long-term relationships. Once, having developed these "trusting" relationships, it becomes necessary to maintain and develop them often over a period of many years.

Where business relationships have been developed through personal contacts/relationships, time and effort has been essential. Repeatedly, respondents gave examples of developing social relationships with their business colleagues (e.g. staying in family homes whilst making a business visit, in India, or China), thereby strengthening the business relationship.

**SMEs have limited resources, and need to share the load across staff to successfully address business and market requirements**

Whilst all respondents recognised the need for a long-term development, putting the commitment into practice over a period of time is very demanding, often on the part of just one or two senior managers in an SME. Whilst some companies sell their products direct to customers, others use agents to act on their behalf; whichever is the case, the need to maintain customer contact and manage the agent is obviously crucial for ongoing success. Many companies were owner-managed, which means that the MD needs to carefully balance the time allocated to international visits against the other management activities necessary to run the business.

This challenge can be characterised by one company working through agents. In the first year of a contract they would visit up to 4 times; in subsequent years, assuming no particular issues needed addressing, they would still make 2 visits per year. If this is multiplied by a number of agents in the different countries it becomes a significant commitment, both at a personal level and for the company. Another respondent reported making between 15-20 visits per year (to the Middle East and China) to maintain business relationships. These examples show the significant strain on the management resources of SMEs.

In most companies there is often either one single or lead contact person for their international business. However, the concentration of international activities on one person limits both the time available and the possibility of sharing the international business load. Of particular concern is that it can restrict the company's ability to explore new opportunities in different markets.

Most respondents understood the constraints of resources available to support its international business, and were grappling with how they could overcome these limitations - capability and availability of staff. Two illustrations highlight these needs; firstly a simple case - when an overseas customer rings the receptionist calls for the one person able to deal professionally with international customers. Secondly, a more complex situation, one respondent in a "technical product" organisation, commented on the difference between technical and commercial negotiations. The point being made here, that whilst staff may have
international experience, their expertise lies in the technical aspects of the product; and they did not have the business acumen or authority to deal with commercial negotiations.

In some companies, where the operation of its international business was more widely understood by staff, regular (even weekly) communications meetings were held. However, even with this approach to information dissemination, senior managers still regarded its operation as "islands of business", rather than creating synergy across its international activities.

As many respondents stated, it is clearly important to be able to communicate quickly and effectively with customers, and obviously email and phone communications assist this process. But it is important to establish realistic customer expectations regarding communications and response times. Even so, it puts pressure on companies, and often it is just one or two managers in the company need to be available to respond to direct customers' or agents' requests. In one service organisation, it became necessary to implement support services to cover the customers' support needs, which were outside of the normal UK working day. This company took the initiative by recruiting staff to create a "round the clock" support capability. Where the business is principally product rather than service-based, the need for 24-hour cover was less acute.

Discussion

This research identifies a broad range of issues which have an impact on UK SMEs trading internationally. The findings highlight the significance of the length and nature of experience most of the managers have had of operating in international markets. Whilst others have less experience, they have developed capabilities through their own initiative in gaining international experience in their own businesses. In both cases they have developed their capability through "international" exposure rather than through a formalised training programme, supporting Bonache and Brewster's (2001) view on the importance of developing tacit knowledge.

The owner/managers showed a high degree of understanding of global business and its impact on their companies without necessarily being aware of the term 'global mindset'. However, as the respondents reported, this same understanding is not always shared amongst their staff.

The literature indicates that companies are more successful when adopting a strategic approach to developing international business. Most respondents had clearly adopted some form of structured approach - through choice of channels to market (via agents), partnering organisations in their target countries, working in a loose network of suppliers, or following the needs of a "lead customer". In some cases the strategy is to build relationships with potential customers where purchases may be made in the longer-term. Whichever strategy is adopted, within the limited resources of SMEs, the imperative is to qualify markets/agents/customers adequately as a crucial aspect in developing a successful international business portfolio.
All business is a relational activity, however in the international context this extends further. Our findings supports Lorenzoni and Lipparini (1999) suggestion that strategic intent is necessary to create 'network capability'. Examples of the range of relationship types were encountered:
- external (sales agents)
- external (partners closely/loosely connected to the company)
- internal (knowledge of products/markets/opportunities and expertise disseminated across the organisation).

Our findings show that the depth of international expertise across the company is limited; in response to this, the challenge for SMEs is to develop capability and international awareness within the company. It is also important that companies recognise the different forms of expertise which come into play, for example, contrasting technical expertise as against commercial acumen, and decision-making authority.

In many instances only one or two people have responsibility or authority for managing international business. In extreme cases it is the owner/manager who carries the responsibility for the whole company, as well as all of its international efforts, reflecting Ghobadian and O'Regan (2006). With such pressures placed on companies to be competitive in the global market, it is clearly a high-risk strategy to have no other international capability within the organisation. Supporting the views of Hutchinson and Quintas (2008) our research showed that sharing activities with managers/staff internally helps develop a stronger infrastructure, increases support capabilities, and confidence in identifying and pursuing international opportunities and projects a stronger face in the marketplace.

**Conclusions**

The understanding of an international perspective by the key/seniors managers in SMEs, and the development of the organisation's resources, is crucial to the development of sustainable international business. Taking a structured approach to developing business is important for creating an effective and sustainable international business portfolio.

We have demonstrated the need for companies to broaden the capabilities of people across the business, especially relating to detailed knowledge of the potential markets, and how they operate. Access to marketing information is important, and SMEs benefit from using a wide range of sources. Those most comfortable with this aspect have identified effective approaches to meet their needs.

Although respondents recognised the challenges of resource and capability constraints within their own companies, only some were able to perceive how this situation could be addressed internally. In other companies these constraints were overcome by developing an external supporting infrastructure of partners, agents, and business associates.
Whilst this research has been conducted on a small number of UK SMEs there are opportunities to confirm and develop understanding of the issues, using a larger sample of companies. Additionally comparisons with equivalent organisations in other countries could develop a broader base of knowledge across EU countries.

REFERENCES


