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APEC Business Fellowship: Singapore

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APEC BUSINESS FELLOWSHIP PROGRAMME
SINGAPORE
2009

By

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CONTENTS

	Page
Executive Summary	5
1 Introduction	8
2 Literature Review	10
2.1 SME Challenges in Internationalization	10
2.2 Pedagogical Considerations in Executive Education	11
3 Methodology and Profile of Respondents	12
3.1 Focus Group Respondents	12
3.2 Survey Respondents	12
3.2.1 Company's Principal Business	13
3.2.2 Extent of Internationalization Activities	14
3.2.3 Main Approaches to Internationalization	14
4 Findings and Discussion	16
4.1 Financial Capabilities	16
4.2 Business Environment Capabilities	17
4.3 Marketing Capabilities	19
4.4 Cross-cultural Management Capabilities	20
4.5 Interest in In-market Programs	22
5 Proposed Classroom Content	23
5.1 Two Proposed Models for the ABF: Disciplinary and Cross-disciplinary Models	23
5.2 Program Delivery	31
5.3 Adapting ABF to Local Participants	34
6 Proposed Training Framework	36
6.1 Structure of the ABF	36
6.2 Program Differentiation	42
6.3 Host Institution Considerations	42
6.4 Conclusion	44
7 Appendices	46

LIST OF TABLES

Table		Page
3-1	Distribution of Responses	13
3-2	Company's Principal Business	14
3-3	Extent of Internationalization Activities	14
3-4	Main Approaches to Internationalization	15
4-1	Summary Findings on Financial Capabilities	16
4-2	Ranking of Important Financial Capabilities	17
4-3	Required vs. Important Financial Capabilities	17
4-4	Summary Findings on Business Environment Capabilities	18
4-5	Ranking of Important Business Environment Capabilities	18
4-6	Required vs. Important Business Environment Capabilities	19
4-7	Summary Findings on Marketing Capabilities	19
4-8	Ranking of Important Marketing Capabilities	20
4-9	Required vs. Important Marketing Capabilities	20
4-10	Summary Findings on Cross-cultural Management Capabilities	21
4-11	Ranking of Important Cross-cultural Management Capabilities	21
4-12	Required vs. Important Cross-cultural Management Capabilities	22
4-13	Interest in In-market Programs	22
5-1	Functional ABF Program Design and Its Content	24
5-2	Proposed Thematic Course Content	25
5-3	Summary Findings on Financial Capabilities	26
5-4	Summary Findings on Business Environment Capabilities	28
5-5	Summary Findings on Marketing Capabilities	28
5-6	Summary of Findings on Cross-cultural Management Capabilities	29
5-7	Topics Deserving Dedicated Classroom Time	29
5-8	Topics to be Included Using Alternate Delivery Methods	30
6-1	ABF Stakeholder Interests and Program Characteristics	36
6-2	Proposed Daily Schedule for the ABF	37
6-3	ABF Themes across Five-and-a-Half Program Days	38
6-4	Program Overview Targeting Mostly Visiting Fellows	39
6-5	Program Overview Targeting a Mix of Local and Visiting Fellows	40
6-6	Specific Content Areas	41

APPENDICES

Appendix		Page
1	Structured Interview Guide	46
2	Composition of SMEs Interviewed (by Revenue and Industry)	48
3	Composition of SMEs Interviewed (by Length of Internationalization)	49
4	Focus Group Interview Highlights	50
5	Final Questionnaire	51
6	Detailed Analysis: Singapore	64
7	References	70

APEC BUSINESS FELLOWSHIP PROGRAMME 2009

EXECUTIVE SUMMARY

In early 2009, IE Singapore commissioned a study on behalf of APEC and the proposed APEC Business Fellowship program (ABF). Conceptualized initially by IE Singapore and SPRING as part of APEC's Small and Medium Enterprise Working Group, and co-sponsored by the four member economies of Chile, New Zealand, Peru, and Russia, this study recommends both a design and delivery framework for the ABF.

The proposed APEC Business Fellowship (ABF) is a five-and-a-half day in-market program designed to help SME leaders internationalize their business. Each program run takes twenty-five to thirty SME participants through a program beginning on Sunday evening with an ice-breaker and opening event. The design of the proposed program reflects the preferred content and learning approach as indicated by survey respondents from APEC member economies who work in SMEs.

Building upon findings from the survey study, the program takes a cross-disciplinary approach. While the program could potentially be organized around traditional subject areas such as marketing, finance and management, the ABF instead organizes around themes that cut across these traditional topics. There are four core themes.

- *Market analysis* includes topics such as market analysis at the industry level, foreign business practices, foreign market intelligence, habits and attitudes of foreign customers, understanding and managing complexity of foreign distribution channels, and reading economic and political data to interpret trends.
- *Partners* covers the search and evaluation of potential partners, management of partner relations, expansion of distribution networks, and negotiation across cultures.
- *Internal operations* focuses on financial planning and review, cashflow management, risk management, debt management, cost allocation and control, pricing, new product development, promoting brand awareness through the Internet, and identifying and attracting talent.
- *Legal issues* include taxation in foreign countries, and legal and regulatory frameworks.

The themes give the program a consistent structure while allowing the content to be adapted to each specific host market. Customizing the program to each host market, in fact, will be essential.

For example, for Singapore, the set of core themes will be the same which provides for the consistency across multiple program runs. The customization happens within the specific themes, and that customization reflects what is unique to Singapore. Thus, if the program is held in Singapore, the training materials will be specific to Singapore and if in Peru, specific to Peru.

How did the ABF come to be organized around four themes? Following focus group discussions with SME leaders and a survey of the SME literature on internationalization, a survey study was designed around the four disciplines of finance, business environment, marketing, and cross-cultural management. However, while the survey study is organized around the four disciplines, in reality, organizations function across these disciplines. For example, products and services are priced with both an eye to sales (a marketing topic) and to finance. Thus, the ABF's use of cross-disciplinary themes.

In our survey, we asked respondents to distinguish between: 1) what capabilities are *required* for the business to expand, 2) what capabilities were *important* for them to do so, and 3) what are the best ways of acquiring the capabilities. We then examined what survey respondents felt was required for a business to internationalize and compared that with what they felt was important to acquire at this point in their companies' development.

Gaps between the capabilities that are required and that are important led to recommendations about what program topics to include and the weight given to each. Additionally, this gap analysis offered an opportunity to organize content into cross-disciplinary themes, giving the program a more dynamic feel.

In addition to themes, the program is designed around three learning approaches which survey respondents preferred. Survey respondents were asked to indicate up to three ideal ways to acquire finance, business environment, marketing, and cross-cultural management capabilities. The options given to the survey respondents ranged from instructor-centered delivery methods such as lecture, to participant-centered methods such as case discussion, and to outsourcing from external sources. The framework proposed is therefore largely influenced by two considerations: a) instructor-centered versus participant-centered methods, and b) the extent to which capabilities can be outsourced or acquired externally.

We found that respondents prefer the lecture method for financial topics. For non-financial topics, the respondents prefer discussion methods and networking. The program was therefore designed

to include the appropriate learning approach for each theme. The three learning approaches are:

- *Case Discussion and Lecture*: Each day is centered around the more traditional classroom learning experience where participants think about and reflect on the challenges of internationalizing. Using a variety of methods, such as pre-readings, case discussions, and mini-lectures participants will discuss leading research, models, and business practices.
- *Nuts & Bolt Discussions*. To supplement the traditional approach, we structure the program so that each day begins with a practical, expert-led, and ground-level discussion about the nuts & bolts (i.e., specific requirements, procedures, or advice) of entering a market. For example, participants will learn the specific steps for incorporating within a particular country, specific hiring practices or laws, or tax procedures to name a few. These how-to discussions answer the detailed, process-oriented questions for potential market entrants.
- *Networking and Site Visits*: Given the networking focus from our findings, the final part of each day is devoted to networking events and site visits. The networking and site events will be *structured learning experiences* and not merely a meet-and-greet event. For example, a panel discussion can be developed as a spring board for further dialogue. In addition, site visits to successful businesses which have internationalized can serve as live cases which form the basis of discussion. Further, guest presenters can be invited to the classroom to share innovations or successful practices. Finally, to encourage learning, the first ten minutes of the following day can be used to debrief the networking experience. The objective is for participants to interact with in-market professionals, ask questions, build a network of in-market and out-market professionals, and to do so in a structured fashion .

The findings in this report can be applied directly to the Singaporean context. Singapore respondents were the most frequent respondents to the survey study, and thus the overall report reflects their interests well. The only difference for Singaporean respondents, relative to the overall survey results, is that Singaporean SME respondents demonstrated a slight preference for topics which might be described as *planning* (e.g., financial planning and review).

APEC has the opportunity to deliver a genuinely unique business fellowship at a time when the world economic conditions may be leveling off and hopefully improving. Survey respondents have indicated their preference for more interactive learning methods, and the timing may be right for delivering such a program when SMEs can benefit greatly in 2010 and beyond.

APEC BUSINESS FELLOWSHIP PROGRAMME 2009

1. INTRODUCTION

Small and medium enterprises (SME) looking to expand internationally face a host of challenges. Including cultural differences, lack of specific market knowledge, different laws and currency fluctuations, SMEs with their limited resources (compared to most multinational companies [MNCs]) can often benefit from a range of publicly-available resources. With this in mind, a survey focused on SME internationalization has been commissioned by IE Singapore and APEC to better understand the needs of APEC's SMEs. This study was proposed by IE Singapore and SPRING as part of APEC's Small and Medium Enterprise Working Group and will lead to the formation of the APEC Business Fellowship (ABF). The approved ABF—which has the explicit purpose of helping APEC SMEs expand overseas—is being co-sponsored by the four member economies of Chile, New Zealand, Peru, and Russia. The first step in delivering the ABF is this commissioned study which reports on the feasibility of the proposed ABF and offers specific suggestions regarding the program content and design.

The literature base dedicated to internationalization is rich and provided an excellent starting point. For nearly forty years scholars have inquired about the process of internationalizing, and examined the subject from diverse perspectives such as rational economic choices, human behavior and management processes, human and business networks, mode of market entry, and bases for national competition to name a few. Although there is an extensive literature base, additional studies fill a knowledge gap by focusing on the issues specific to APEC, the changing economic conditions in 2009, and the preferred education delivery methods of SME leaders. This commissioned study, therefore, narrows the available topics and program delivery styles which will eventually become part of the ABF.

Specifically, the objectives of the study are to:

- a) Understand the critical firm-level knowledge/ competency needs of internationalizing APEC SMEs that would enable them to develop a sustainable competitive edge in expanding overseas.
- b) Identify the knowledge/ competency gaps of internationalizing APEC SMEs.
- c) Develop and recommend a suitable broad-based ABF program structure and topics that will form a reference model for the APEC economies. The program equips APEC's SMEs with an awareness of business practices and emerging business opportunities.
- d) Recommend viable ways to execute the ABF within the APEC member economies.

To achieve the study's objectives, the research method included three major phases. First was a comprehensive review of the academic literature, as well as other SME studies funded by APEC, OECD, the European Union (EU), and International Trade Administration (ITA) to name a few. Building upon major themes in the literature, phase two included focus group meetings with a diverse range of SME leaders (e.g., various years working internationally, various industries, etc). The focus group feedback, when combined with the literature review, offered a mix of academic and practitioner advice leading to the survey questionnaire design. The third step was designing and conducting a fifteen minute on-line survey study of APEC SME leaders from across the twenty-one member economies. The survey was written in English and remained open for three weeks. APEC contacts from each country were asked to assist with targeting appropriate SME survey respondents in their respective country.

The findings, presented in this report, include recommendations about the content and design of the ABF. Many studies, both academic and those funded by public bodies (e.g., APEC or OECD), have reached conclusions about the internationalization process, its importance to SME growth, and the role governments can play in supporting SME growth. None of the studies in this literature review, however, look specifically at adult education programs or partnerships with institutions of higher learning (IHL) as a means of delivering SME support. Additionally, the studies in the literature review were all conducted prior to the economic upheaval in 2008.

The following pages present in detail the commissioned research study, its methodology, a brief review of the existing literature, findings, and recommendations. Extended discussions of the literature review and specific topics are included as appendices at the end of the report.

2. LITERATURE REVIEW

2.1 SME Challenges in Internationalization

Internationalization can be described as a relatively mature academic subject which has received immense interest since the 1970s. Numerous studies have explored everything from the definition of internationalization to subtopics such as the nature of foreign direct investments (FDI), different stages of going international, behavioral studies, firm performance after going international, market characteristics (i.e., emerging versus mature markets), regulatory frameworks, mode of entry (e.g., export, JV, etc.), organizational learning perspectives, cross-cultural perspectives, and network studies to name a few. Additionally, such studies have not been limited to academia, though this is where much of theorizing takes place. Several public research projects funded by APEC, the European Union, and International Trade Administration (ITA), for example, have also recognized the rich academic background while simultaneously lamenting the lack of quantitative data for analyzing internationalization. Studies relying on public funding are also numerous. In total, the literature on business internationalization generally, and SME internationalization specifically, could easily be described as extensive product from years of academic and public discussion.

A more complete literature can be found in Appendix 1. What follows here is a brief summary of essential topics from the literature review which helped shape the design of the ABF.

Four primary research questions emerged from the literature review.

- *Foreign Direct Investment (FDI)*. How do companies who discover that they have a particular advantage—be it a product, service, or perhaps a manufacturing edge—decide to invest money and resources into the target markets where they might prosper?
- *Stage Models*. Can internationalization be understood as a series of stages that each internationalizing entity evolves through: pre-export, initial export, and advanced export stages?
- *Network Models*. How do relationships between organizations and their people (i.e., networks) provide an advantage for the internationalization of businesses?
- *Market Entry*. Should an organization enter a new market through exporting, licensing agreements, franchises, joint ventures, or FDI?

Similarly, key issues emerged from the literature about adult learning which later helped shape the survey questions about how SME leaders preferred to learn particular topics.

2.2 Pedagogical considerations in Executive Education

For decades scholars have discussed the distinction between pedagogy and andragogy (Knowles, 1968, 1980; Brookfield, 1986; Merriam and Caffarella, 1991; Davenport, 1993; Tennant, 1996). The term *pedagogy* has often been used to describe the way that children and young adults learn while *andragogy* has been used to describe how adults and professionals learn. There are five key assumptions forming androgogy's foundation (Knowles, 1980).

1. Adults have a strong sense of self and are able to direct their own learning activities
2. Adults have a pool of life experience which they can draw upon and reference while learning
3. Adult learning is closely tied to the learner's changing roles in the workplace or life
4. Adults tend to be more problem-centered in their learning and look for immediate application of the knowledge
5. Adults are generally more motivated by internal rather than external factors

In general, the literature on adult learning is clear. Program administrators and faculty must be prepared to move away faculty-centered teaching methods (e.g., lecture and rote exercises), and toward learner-centered approaches (e.g., case discussion, experiential projects, simulations, mentoring, and network building), when dealing with adult and professional learners. This movement from faculty-centered to learner-centered processes is at the heart of adult education.

Recommendations at the report's end adopted a range of options from faculty-centered to learner-centered delivery models. In the survey questionnaire, participants were asked to indicate their preferred method of acquisition for each specific topic. The choices effectively form a continuum from ranging from faculty-centered to learner-centered choices. The specific choices were: 1) Lecture or expert seminar, 2) Facilitated case study, 3) Tutoring or mentoring, 4) Networking and/or peer discussion, 5) On-the-job training, 6) Self study. In addition, we also provided the option of acquiring the capability via the outsourcing option, or that of recruiting personnel with required skills.

3. METHODOLOGY AND PROFILE OF RESPONDENTS

This project adopted a three stage approach. The first stage was the literature review, described above, which sought to determine what researchers already knew about the process of internationalizing SMEs. The second and third stages were, respectively, interviews and focus groups which were then followed with a survey research study across the twenty-one APEC economies. The entire process was aimed at designing a survey study capable of telling us what our target audience, SME leaders across the APEC economies, would most like to learn if they were participating in the ABF program. Additionally, the survey study sought to learn how SME leaders prefer to learn about the topics most important to them. This report details the responses from Singapore.

3.1 Focus Group Respondents

Following the literature review, several structured interviews were conducted leading up to two focus groups. The structured interviews offered early feedback about the specific questions which would be asked during the focus groups, and also to identify any possible gaps in the focus group questions. A complete list of focus group questions are presented in Appendix 1.

After completing the structured interviews, two focus groups were conducted at Singapore Management University. Focus group participants were diverse, representing SMEs with revenues less than \$10 million annually, \$10-29.9 million, and greater than \$30 million. The focus group attendees were also diverse with different levels of experience operating internationally. Some participants had fewer than five years of international business experience, others had five to ten years experience, and a few had more than ten years experience.

Composite tables of the focus group participants can be found in Appendices 2 and 3. Highlights and key findings are presented in Appendix 4.

3.2 Survey Respondents

The on-line survey was launched in June 2009 and remained open for a three week period. The on-line survey was written in English, and the lead APEC representative from each country was asked to help identify SME leaders in the respective country were then asked to complete a fifteen minute survey. 170 valid responses were received during the three week window, and Table 3-1 presents a summary of the responses organized by country of response. There were no participants for four

countries; Australia, Chinese Taipei, South Korea and Papua New Guinea. Among all the respondents, 42% of the respondents were from Singapore, followed by 26% from Thailand, and 14% from Peru.

Table 3-1 Distribution of Responses

#	APEC Economies	%
1	Australia	0
2	Brunei Darussalam	4
3	Canada	1
4	Chile	1
5	Chinese Taipei	0
6	Hong Kong	2
7	Indonesia	1
8	Japan	1
9	South Korea	0
10	Malaysia	1
11	Mexico	1
12	New Zealand	2
13	Papua New Guinea	0
14	People's Republic of China	1
15	Peru	14
16	Philippines	1
17	Russia	1
18	Singapore	42
19	Thailand	26
20	United States of America	1
21	Vietnam	1
	Total	100

3.2.1 Company's Principal Business

Table 3-2 organizes survey responses from Singapore according to principal business. Ten different business types are represented in the survey responses. The majority of respondents were from Manufacturing (34.7%), Wholesale (22.2%) and Services (22.2%) sector.

Table 3-2 Company's Principal Business

#	Principal Business	%
1	Wholesale	22.2
2	Manufacturing	34.7
3	Construction	5.6
4	Services	22.2
5	Communications, Transport and Storage	2.8
6	Retail	9.7
7	Property	0
8	Finance	1.4
9	Holdings	1.4
10	Hotels / Food Establishments	0
	Total	100.0

* Some respondents reported with more than one area as their main business

3.2.2 Extent of Internationalization Activities

The overwhelming majority of respondents worked for SMEs that were either already active in overseas markets (52.8%), or that were aspiring to internationalize (47.2%).

Table 3-3 Extent of Internationalization Activities

Your company is now:	%
1. Active in international activities	52.8
2. Aspiring to be active (future potential / desire to be involved in international activities)	47.2
2. Not-active in international activities (without a future/ potential desire to be involved in international activities)	0
Total	100.0

3.2.3 Main Approaches to Internationalization

Table 3-4 categorizes survey responses according to the Singapore SMEs' mode of entry into overseas markets. 44.6% of the firms internationalize via export or the appointment of overseas distributors or agents.

Table 3-4 Main Approaches to Internationalization

#	Main approaches to Internationalization	%
1	Export	21.3
2	Appointment of overseas distributors / agents	23.3
3	Overseas alliances (joint venture / partnerships etc)	20.7
4	Franchising	6.0
5	Setting up overseas branches / offices / subsidiaries	26.7
6	Others, please specify	2.0
	Total	100.0

* Respondents were allowed to indicate more than one approach to internationalization

4. FINDINGS AND DISCUSSION

Analyses were conducted on the final dataset. A total of 72 responses were received via the electronic questionnaire platform for the Singapore sample. The following section details the findings in each of the four main capability areas: Financial, Business Environment, Marketing and Cross-cultural Management. The detailed statistical data can be found in Appendix 6.

In each section, the top three required capabilities are reported, together with the top two ideal ways of acquiring each. The ranked importance of the capabilities is also presented. It is noteworthy that capabilities required are at times ranked to be not as important compared to the rest of the capabilities in the cluster. A possible reason could be that the companies have already acquired the more important capabilities; hence, their requirement of those important capabilities is much lower.

4.1 Financial Capabilities

In the Financial Capabilities cluster, the four most required capabilities are 1) Financial planning and review in foreign operations, 2) Cost allocation and control, 3) Risk management, and 4) Taxation (see Table 4-1). The most ideal way of acquiring *Cost allocation and control*, and *Risk Management* is through Networking and/or peer discussion; while Outsource and/or recruit personnel with required skills is the most ideal way of acquiring *Taxation in foreign countries*. For all three capabilities, the second best options are *Lecture or expert seminar*, and *On-the-Job training*.

What is of interest is the fact that while the four capabilities are most required, except for *Financial planning*, the other three are ranked in the lower half of the importance section. That is, it may be that companies already have the three most importance capabilities; 1) Financial planning and review, 2) Cashflow management and 3) Debt management and new financing.

Table 4-1 Summary Findings on Financial Capabilities

Required	Importance	Top Two Ideal Acquisition Method
1. Financial planning and review in foreign operations	1	1. Networking and/or peer discussion 2. Outsource and/ or recruit personnel with required skills
2. Cost allocation and control	4	1. Networking and/or peer discussion 2. Lecture or expert seminar 3. On-the-job training
3. Risk management	5	1. Networking and/or peer discussion 2. Lecture or expert seminar 3. On-the-job training
4. Taxation in foreign countries	6	1. Outsource and/ or recruit personnel with required skills 2. Lecture or expert seminar

For the Singapore sample, the most important capability is *Financial planning and review in foreign operations* (see Table 4-2). While this is not required as much by companies in the study, it may be that companies already possess the basic capability. Nonetheless, this is a capability that should be considered in financial modules of training programs and it is recommended that rather than teaching the basic principles of this capability, that training providers focus on a) a higher level of expertise, and b) updates on current issues that impact this capability.

Table 4-2 Ranking of Important Financial Capabilities

Financial Capabilities – Singapore
1. Financial planning and review in foreign operations
2. Cashflow management
3. Debt management and new financing
4. Cost allocation and control
5. Risk management
6. Taxation in foreign countries

As earlier alluded to, there is a difference between what is important and what is required. Although companies may not require capabilities that are important, training program providers should continue to offer topics on important capabilities, but at a higher level. It is likely that required capabilities that are less important may have been neglected in the past and companies now want to focus their attention on developing those capabilities as well. In this instance, *Taxation*, *Cost allocation and control* and *Risk management* are three such capabilities.

Table 4-3 Required vs. Important Financial Capabilities

	Required to a Large Extent	Required to a Less Extent
Important (ranked 1-3)	* Financial planning and review in foreign operations	* Cashflow management * Debt management and new financing
Less Important (ranked 4-6)	* Taxation in foreign countries * Cost allocation and control * Risk management	

4.2 Business Environment Capabilities

The top three required capabilities in the Business Environment cluster are 1) Seek out and evaluate potential partners for foreign operations, 2) Market analysis at the industry level, and 3) Legal and regulatory framework in foreign countries (see Table 4-4).

The ideal way of acquiring all three capabilities is via networking and/or peer discussion. For *Seeking potential partners* and *Legal*, outsourcing is another method while self study is a viable alternative

for the *Market analysis* capability. The dominant mode of acquisition here is via networking and peer discussion. It is also to be noted that the third most required capability (*Legal capability*) is also ranked as the least important capability in this cluster.

Table 4-4 Summary Findings on Business Environment Capabilities

Required	Importance	Top Two Ideal Acquisition Methods
1. Seek out and evaluate potential partners for foreign operations	1	1. Networking and/or peer discussion 2. Outsource and/or recruit personnel with required skills
2. Market analysis at the industry level	2	1. Networking and/or peer discussion 2. Lecture or expert seminar
3. Legal and regulatory framework of foreign countries	6	1. Outsource and/or recruit personnel with required skills 2. Networking and/or peer discussion

The ranking of all six capabilities in the Business Environment cluster in the Singapore sample is listed in Table 4-5. It appears that companies lack the most important capabilities in this cluster. Hence, programs focusing on this segment should be cognizant that there may be a need to focus on the entire spectrum of knowledge, skills and abilities in this cluster. That is, the design of the curriculum has to provide a basic foundation as well as to provide the most recent knowledge and understanding of that capability.

Table 4-5 Ranking of Important Business Environment Capabilities

Business Environment Capabilities - Singapore
1. Seek out and evaluate potential partners for foreign operations
2. Market analysis at the industry level
3. Understand and manage the complexity of foreign distribution channels
4. Read economic and political data to interpret and anticipate trends at the global, regional and country levels
5. Tap into networks such as trade associations and chambers of commerce in foreign countries
6. Legal and regulatory framework of foreign countries

The classification of required versus important capabilities are more evenly spread out in the Business Environment cluster (see Table 4-6). Two capabilities are deemed to be less important and less required, and therefore in the design of the curriculum of this cluster, the emphasis of these two capabilities 1) Read economic and political data to interpret and anticipate trends at the global, regional and country levels and 2) Tap into networks such as trade associations and chambers of commerce in foreign countries can be lower in emphasis. Priority should be placed on *Seek out and evaluate potential partners for foreign operations* and *Market analysis at the industry level*.

Table 4-6 Required vs. Important Business Environment Capabilities

	Required to a Large Extent	Required to a Less Extent
Important (ranked 1-3)	<ul style="list-style-type: none"> * Seek out and evaluate potential partners for foreign operations * Market analysis at the industry level 	<ul style="list-style-type: none"> * Understand and manage the complexity of foreign distribution channels
Less Important (ranked 4-6)	<ul style="list-style-type: none"> * Legal and regulatory framework of foreign countries 	<ul style="list-style-type: none"> * Read economic and political data to interpret and anticipate trends at the global, regional and country levels * Tap into networks such as trade associations and chambers of commerce in foreign countries

4.3 Marketing Capabilities

For Marketing capabilities, the top three capabilities required also ranked in the top most important capabilities (see Table 4-7). The most ideal way of acquiring such capabilities is through networking and/or peer discussion. *Pricing* and *Develop new products and services* are likely to be acquired ideally through on-the-job training as well. Respondents particularly are also of the view that *Distribution networks* capability can also be outsourced and/or recruited from outside sources.

Table 4-7 Summary Findings on Marketing Capabilities

Marketing Capabilities Required	Importance	Ideal Acquisition Method
1. Determine the appropriate pricing of the products and services to stay competitive	3	<ol style="list-style-type: none"> 1. Networking and/or peer discussion 2. On-the-job training
2. Gather foreign market intelligence	1	<ol style="list-style-type: none"> 1. Networking and/or peer discussion 2. Outsource and/or recruit personnel with required skills
3. Expand distribution networks in foreign operations	2	<ol style="list-style-type: none"> 1. Networking and/or peer discussion 2. Outsource and/or recruit personnel with

The most important capability in the Marketing cluster is that of *Gathering foreign market intelligence* (see Table 4-8). Promotion to create brand awareness and using the internet as a business intermediary do not appear to be as important in the overall cluster of capabilities.

Table 4-8 Ranking of Important Marketing Capabilities

Marketing Capabilities - Singapore
1. Gather foreign market intelligence
2. Expand distribution networks in foreign operations
3. Determine the appropriate pricing of the products and services to stay competitive
4. Promote brand awareness through internet channels
5. Develop new products and services for the foreign markets
6. Promote brand awareness through traditional media
7. Buy and sell products and services over the internet

Table 4-9 details the distribution of what respondents deem important and required. As discussed earlier, the important capabilities are also most required.

Table 4-9 Required vs. Important Marketing Capabilities

	Required to a Large Extent	Required to a Less Extent
Important (ranked 1-3)	<ul style="list-style-type: none"> * Determine the appropriate pricing of the products and services to stay competitive * Gather foreign market intelligence * Expand distribution networks in foreign operations 	
Less Important (ranked 4-7)		<ul style="list-style-type: none"> * Develop new products and services for the foreign markets * Promote brand awareness through traditional media * Promote brand awareness through internet channels * Buy and sell products and services over the internet

4.4 Cross-cultural Management Capabilities

The top three capabilities for the Cross-cultural Management cluster are 1) Manage partner relations, 2) Foreign business practices, and 3) Negotiate across cultures. Networking and/or peer discussion is deemed the most ideal way of acquiring these three capabilities. For *Foreign business practices*, *Outsource and/or recruit personnel with required skills* is also one of the ideal methods. It appears that respondents also deem these three required capabilities to be important (in the top half of the cluster of seven capabilities).

Table 4-10 Summary Findings on Cross-cultural Management Capabilities

Required	Importance	Top Two Ideal Acquisition Methods
1. Foreign business practices	1	1. Networking and/or peer discussion 2. Outsource and/or recruit personnel with required skills
2. Manage partner relations	3	1. Networking and/or peer discussion 2. On-the-job training
3. Negotiate across cultures	4	1. Networking and/or peer discussion 2. On-the-job training

The respondents in this study indicated that *Management style*, *Verbal/nonverbal language differences* and *Motivate and retain foreign employees* are less important. One possible reason could be that these capabilities become important once the company has managed to gain a foothold in the foreign country. What is important is to get a foot in the door, which means having capabilities to understand foreign business practices, habits and attitudes of foreign customers etc and managing partner relations. Only when companies are able to do so can they focus on the day-to-day internal running of the operations. Hence, in designing the program on Cross-cultural Management, the first important steps would be to focus on getting companies to hone capabilities in foreign business practices, managing partner relations and negotiation across cultures.

Table 4-11 Ranking of Important Cross-cultural Management Capabilities

Cross-cultural Management Capabilities – Singapore
1. Foreign business practices
2. Habits and attitudes of foreign customers, employees and partners
3. Manage partner relations
4. Negotiate across cultures
5. Management style required in specific foreign context
6. Verbal / nonverbal language differences
7. Motivate and retain employees in foreign operations

In this cluster of capabilities, what is deemed important is also required by respondents of the study, except for the capability on *Habits and attitudes of foreign customers, employees and partners*. As discussed earlier, the focus is on capabilities that enable companies to take the first step, which is more external than internal.

Table 4-12 Required vs. Important Cross-cultural Management Capabilities

	Required to a Large Extent	Required to a Less Extent
Important (ranked 1-3)	<ul style="list-style-type: none"> * Foreign business practices * Manage partner relations 	<ul style="list-style-type: none"> * Habits and attitudes of foreign customers, employees and partners
Less Important (ranked 4-7)	<ul style="list-style-type: none"> * Negotiate across cultures 	<ul style="list-style-type: none"> * Management style required in specific foreign context * Verbal / nonverbal language differences * Motivate and retain employees in foreign operations

4.5 Interest in In-market Programs

There is definitely interest in in-market programs developed to cater to this group of SMEs respondents. Over 40.0% of the respondents indicated that they are interested or very interested in participation (21.8%).

Table 4-13 Interest in In-market Programs

Interest	Response	%
1 (Not interested)	1	1.8
2	4	7.3
3	16	29.1
4	22	40.0
5 (Very interested)	12	21.8
Total	55	100.0

5. PROPOSED CLASSROOM CONTENT

We recommend a five-and-a-half day in-market business fellowship program. A key feature of the program is a strong inclination towards learner-centered delivery models such as networking, discussion, and individual tasks looking at the participant's current business challenges. The delivery model should account for three-quarters length classroom days, allowing participants ample time for networking. Finally, we recommend that participants go through the program as a quartet (four person group) for both social and intellectual reasons. Pre-assigning participants into groups will allow the socialization process to mature more quickly, and it also gives program administrators the ability to control group composition in such a way that program objectives are best met (e.g., we ensure that each quartet is culturally diverse before assigning an exercise on cross-cultural negotiation). Fixed groups are reasonable considering the program's emphasis on networking.

These recommendations are based upon the survey findings, focus groups, and literature review. The program content includes a mix of finance, business environment, marketing, cross-cultural management topics.

5.1 Two Proposed Models for the ABF: Disciplinary and Cross-disciplinary Models

A five-and-a-half day program will need to begin on a Sunday evening with a welcome reception, short talk setting expectations for the week ahead, and perhaps a 20 minute opening presentation to break the ice and promote intellectual exchange between participants. Regardless of the specific design, it will be important to break the ice so that participants arrive on Monday ready to learn.

The course content could be organized two ways: a disciplinary and cross-disciplinary approach. We will first present the disciplinary approach because inherently this model emphasizes the topics which respondents felt should be included in the ABF. Table 5-1 presents survey findings for topics to be included according to their respective discipline. Ultimately, however, the ABF has been designed around themes which offer a cross-disciplinary perspective. The thematic design recognizes the reality that organizations function across academic disciplines. For example, products and services are priced with both an eye to sales (a marketing topic) and to finance.

Table 5-1 Functional ABF Program Design and Its Content

Discipline	Specific Topics
Finance	Financial planning and review Cashflow management Debt management and new financing Taxation in foreign countries Cost allocation and control Risk Management
Business Environment	Seek out and evaluate potential partners Market analysis at industry level Legal and regulatory framework of foreign countries Understand and manage complexity of foreign distribution channels Read economic and political data to interpret trends
Marketing	Expand distribution networks in foreign countries Determine the appropriate pricing of products and services to stay competitive Develop new products and services for the foreign markets Gather foreign market intelligence Promote brand awareness through Internet
Cross-cultural Management	Foreign business practices Habits and attitudes of foreign customers, employees and partners Manage partner relations Negotiate across cultures Retain and motivate employees in foreign operations Identify and attract necessary talent (not included in the Survey)

A trade-off exists when organizing the program content by discipline. The benefits are that traditional disciplines will be easily recognized by potential ABF participants. Applicants should understand exactly what they will be learning. Additionally, finding course content, such as case studies or pre-readings, should also be a relatively easy when content is organized by discipline. Simply put, a disciplinary approach matches well with how many universities operate, faculty teach and conduct research, and service providers organize and deliver courses. A disciplinary approach might be described as the path of least resistance, from an academic administrative perspective.

The trade-off however, may be with regards to time. Considering the number of topics which have been identified as important, and a program designed to move through these step-by-step according to discipline function, will likely need more than five days. Additionally, a disciplinary approach may complicate marketing and outreach if the ABF is to appear innovative when compared to typical university or commercial open-enrolment programs.

The alternative is to design the program across disciplines, according to themes.

Where would the programs themes come from? The literature review revealed four cornerstones to internationalization research: the foreign-direct investment model, stage models (behavioural), network models, and market entry models. Each research perspective offers a different orientation. The FDI approach and market entry approaches invite us to examine the external operating environment. Network theory invites us to look laterally towards partners. Finally, the stages model emphasizes an internal orientation examining firms' processes and management decisions. Using this distinction between external, lateral, and internal, the survey findings can be categorized according to four themes: Market analysis, partners, internal operations, and legal issues.

Table 5-2 Proposed Thematic Course Content***

Orientation	Theme	Course Content*	Corresponding Survey Category and Rank
External	Market Analysis	Market analysis at industry level	BE-Required #1; Important #1
		Foreign business practices	CCM-Required #2; Important #1
		Foreign market intelligence	MKT-Important #2
		Habits and attitudes of foreign customers	CCM-Important #2
	Legal Issues	Understand and manage complexity of foreign distribution channels	BE-Important #3
		Read economic and political data to interpret trends	BE-Important #4
Lateral	Partners	Seek out and evaluate potential partners	BE- Required #1; Important #2
		Manage partner relations	CCM-Required #1; Important #3
		Expand distribution networks in foreign countries	MKT-Required #2; Important #1
		Negotiation across cultures	CCM-Required #3; Important #4
Internal	Internal Operations	Financial planning and review	FIN-Important #1
		Cashflow management	FIN-Important #2
		Risk management	FIN-Required #2
		Debt management	FIN-Important #3
		Cost allocation and control	FIN- Required #3; Important #4
		Determine the appropriate pricing of the products and services	MKT-Required #1; Important #3
		Develop new products and services	MKT-Required #3
		Promote brand awareness through Internet	MKT-Important #4
		Identify and attract necessary talent	CCM**

* BE = Business environment, MKT = Marketing, CCM = Cross-cultural Management, and FIN = Finance. The corresponding rank, according to the survey results, is also indicated.

** Though identifying and attracting talent was not specifically singled out in the survey study, the literature review raises the issue as being critical to SMEs around the globe and thus is included as an HR concern.

*** The findings presented in Table 5-2 are based on the entire data sample from the survey study.

Before discussing the program delivery, it is important to clarify how the course content was determined. First, the survey design distinguished between: 1) what is *required* for the business to expand, and 2) what topics the survey respondents felt were *important* for them to do so (See Appendix 5). We examined what respondents felt was required for a business to internationalize and compared that with what they felt was important to acquire at this point in their development.

- *Required to internationalize.* The recommended course content includes the top three capacities that survey respondents felt were required for a business to internationalize. This top-three rule was applied to all four categories of finance, business environment, marketing, and cross-cultural management. (see Tables 4-1, 4-4, 4-7, and 4-10 for the survey results of what respondents felt is required).
- *Important to learn.* The top four topics that survey respondents felt were important for them to learn were also chosen. This top-four rule was applied equally to the findings for finance, business environment, marketing, and cross-cultural management. (See Tables 4-2, 4-5, 4-8, and 4-11 for the survey results of what respondents felt are required).

Slightly greater weight, four items instead of three, was given to topics that respondents said were *important* for them to learn. The reason for giving greater weight is that the important topics represent what survey respondents, people who are potential candidates for the ABF program, want to learn more about. Topics required to internationalize may not be important to learn, in the eyes of survey respondents, precisely because they are required. If a company has gone international, or has started the process, then they may already possess the required capacities. Thus, survey respondents may be ready to move beyond some of the required topics.

Gaps between what is required and what is important also help us think about the weight given to each topic. The responses for Finance illustrate how we can weigh each topic.

Table 5-3 Summary Findings on Financial Capabilities *

Required	Importance	Top Two Ideal Acquisition Methods
1. Taxation in foreign countries	6	1. Lecture or expert seminar 2. Outsource and/or recruit personnel with required skills
2. Cost allocation and control	4	1. Lecture or expert seminar 2. On-the-job training
3. Risk management	5	1. Lecture or expert seminar 2. On-the-job training

* The findings presented in Table 5-3 are based on the entire data sample from the survey study.

Table 5-3 illustrates that what respondents felt was required, and what was important for them to learn, are different. There was no overlap between the two lists. Returning to the demographics of our survey respondents, the gap between what is required and what is important may be understood as a reflection of the knowledge and experience base that potential participants would bring to the ABF. If their firm has been in business for several years, and they are successful enough to think about international expansion, then it is reasonable to assume that they already possess some knowledge of financial planning, cashflow, and debt. Consequently, there are three alternatives for thinking about how these topics might be weighted and addressed in the overall program design.

1. *Self-study.* If adult learners are able to operate in a more self-directed manner, as the literature on andragogy has argued, then giving pre-readings and allowing participants to refresh their memory or even study as they need seems an appropriate option. Similarly, pre-assignments such as CD-ROM based or on-line simulations, could accomplish the same goal. On-line surveys could be used to gauge how many fellows succeed with self-study.
2. *Peer to Peer.* Pre-course surveys might allow you to design peer-to-peer discussions where more experienced participants are paired with the less experienced. A short case, exercise, or simulation might then allow them to discuss topics such as debt management.

Options one and two have the advantage of consuming less of our limited classroom time. A third option, however, exists.

3. *Expert to peer.* Respondents clearly indicated that they prefer to learn finance by lecture, with networking and peer discussion as the secondary preference. (see Appendix 11-A for the full data set regarding preferred method of acquisition for finance). While a classroom lecture followed by a peer-to-peer case discussion might work well, according to our findings, the price is that valuable classroom time is being used for a topic which shows a clear gap between what is required for the firm and what respondents felt was important to learn.

Simply as a point of contrast, let's also consider the results for Business Environment.

Table 5-4 Summary Findings on Business Environment Capabilities *

Required	Importance	Top Two Ideal Acquisition Methods
1. Seek out and evaluate potential partners for foreign operations	2	1. Networking and/or peer discussion 2. Outsource and/or recruit personnel with required skills
2. Market analysis at the industry level	1	1. Networking and/or peer discussion 2. Lecture or expert seminar 3. Self Study
3. Legal and regulatory framework of foreign countries	6	1. Outsource and/or recruit personnel with required skills 2. Networking and/or peer discussion

* The findings presented in Table 5-4 are based on the entire data sample from the survey study.

Note the clear overlap between what is required and what is important. The first two items are the same in both lists (the order is simply reversed). This overlap tells us that not only the capacity important for the firm to internationalize, but also that our respondents want to learn more about evaluating foreign partners and analyzing markets at the industry level. Thus, in situations where we have such clear overlap, classroom time can and should be devoted to these topics. The legal and regulatory framework (which was ranked last in importance) might then be introduced as either a pre-reading or perhaps a guest lecture before a networking event.

A quick look at Marketing reveals similar overlaps.

Table 5-5 Summary Findings on Marketing Capabilities *

Required	Importance	Top Two Ideal Acquisition Methods
1. Determine the appropriate pricing of the products and services to stay competitive	3	1. Networking and/or peer discussion 2. On-the-job training
2. Expand distribution networks in foreign operations	1	1. Networking and/or peer discussion 2. Outsource and/or recruit personnel with required skills
3. Develop new products and services for the foreign markets	5	1. Networking and/or peer discussion 2. On-the-job training

* The findings presented in Table 5-5 are based on the entire data sample from the survey study.

Pricing clearly emerges as a topic which is both required and important for our respondents to learn about. Understanding how to expand distribution networks is equally important. Developing new

products, however, might be better addressed through self-study or some other delivery option which does not require us to use limited class time.

Finally, the gap analysis for cross-cultural management reveals that partner relations and foreign business practices deserve to be emphasized in the classroom.

Table 5-6 Summary Findings on Cross Cultural Management Capabilities *

Required	Importance	Top Two Ideal Acquisition Methods
1. Manage partner relations	3	1. Networking and/or peer discussion 2. On-the-job training
2. Foreign business practices	1	1. Networking and/or peer discussion 2. On-the-job training + Lecture or expert seminar
3. Negotiate across cultures	4	1. Networking and/or peer discussion 2. On-the-job training

* The findings presented in Table 5-5 are based on the entire data sample from the survey study.

Cross-cultural negotiation appears to be a borderline issue. While certainly required, it is not ranked as most important by respondents. The one advantage to devoting class time to cross-cultural negotiation is that the topic inherently lends itself to role plays, interaction, and peer discussions. Such an experience is in line with what survey respondents indicated was their generally preferred method of acquiring new skills and knowledge. Additionally, the ability for almost any institution of higher learning to deliver an effective module on cross-cultural negotiation is high because numerous cross-cultural negotiations and case studies are already in existence. Finally, many fellows will likely bring a strong experience base, potentially leading to rich classroom conversations.

Table 5-7 presents the topics which this study indicates that classroom time should be devoted to.

Table 5-7 Topics Deserving Dedicated Classroom Time *

Function	Topic
Finance	Financial planning and review Cashflow management Debt management and financing Cost allocation and control
Business Environment	Seek out and evaluate potential partners Market analysis at the industry level
Marketing	Determine the appropriate pricing of the products and services Expanding distribution networks
Cross-cultural Management	Foreign business practices Manage partner relations Negotiate across cultures

* The findings presented in Table 5-7 are based on the entire data sample from the survey study.

Table 5-8 presents those topics which can beneficially be included in the program, but alternate methods of delivery or learning may be appropriate when available classroom time is limited.

Table 5-8 Topics to be Included Using Alternate Delivery Methods*

Function	Topic
Finance	Taxation in foreign countries Risk Management
Business Environment	Understand and manage complexity of foreign distribution channels Read economic and political data to interpret trends Legal and regulatory frameworks
Marketing	Foreign market intelligence Develop new products and services
Cross-cultural Management	Habits and attitudes of foreign customers, employees and partners Management style required in specific foreign context Identify and attract necessary talent

* The findings presented in Table 5-8 are based on the entire data sample from the survey study.

Any of the topics in Table 5-8 could be given dedicated classroom time once the essential topics are covered. Recognizing that the list of topics reasonably exceeds the available classroom hours, difficult choices must be made. Those choices could be driven by available faculty and teaching expertise, particular market conditions, or even availability of teaching materials to name just a few. Tables 5-7 and 5-8 simply rely on the gap analysis to divide the program content in two categories of what should be discussed in the classroom, and what can be discussed in the classroom or also by alternate means (e.g., self-study, guest panel, on-line interactive module, etc).

Before concluding the topic of program design, a few words should be shared about technology. As the Internet's reach continues to grow, the ABF might consider how some of these topics can be delivered on-line either before the program or after. All learning need not be limited to the five-and-a-half days or in the classroom. As part of the program design, a blend of on-line modules and pre-readings might be combined with the in-market program to build a more comprehensive program. SME leaders who often act as player-coaches may not be free to leave their business for two full weeks (the amount of time that would be required to cover *all* topics discussed in this report and not just the *recommended* ABF topics). The Internet, and tying the award of a certificate with the completion of both on-line and classroom modules, may be yet another means of better supporting SME leaders and ensuring that the required and important topics are adequately covered.

Finally, one topic was added to the proposed course design and content because of findings from the literature review. Identifying and attracting talent should be included in the ABF course design and content. Throughout this study, the topic of identifying and attracting talent has slowly emerged as being distinct from retaining and motivating existing employees. Because of the importance placed on identifying and attracting talent in the global literature base, this topic has been included because of findings from the literature review.

5.2 Program Delivery

The survey reveals two primary preferences for delivering the ABF (i.e., how respondents prefer to acquire the new knowledge or capacity).

- *Finance* topics should be taught through lecture, as revealed by the survey findings. Networking and on-the-job training emerged as secondary preferences for learning finance. Perhaps there is little surprise that lecture is preferred when the subject has a more quantitative nature and a relatively exact set of steps to be performed.
- *Business environment, marketing, and cross-cultural management* all revealed a preference for learning through networking. The secondary preferences for these three topics were lecture with either self-study or outsourcing the work altogether.

Broadly speaking, survey responses indicate that finance topics should be delivered with faculty-centered approaches like lecture and then progress toward more peer-oriented deliveries. The remaining topics should begin with more learner-centered approaches which can be complemented with self-study or perhaps mini-lectures.

Regarding the topics of business environment, marketing, and cross-cultural management, for which respondents indicate a greater preference for networking and peer discussion, the following few options are available for delivering the program in a more learner-centered style.

- *Networking events and partnerships with local organizations.* Connecting ABF participants with local practitioners should be a primary program goal, and partnering with organizations such as American Chambers of Commerce or Chinese Chambers may be a successful way of making these connections. Partnerships with local organizations appear to be potentially rich opportunities for hosting successful networking events.

- *Panels or guest speakers.* Networking events, mentioned above, could be opened with panel discussions including experienced in-market professionals. Creating a shared experience, such as a panel or speech, will provide a common platform for ABF participants and in-market business professionals to discuss and network. This common experience can also serve as a point of reflection and debriefing the following morning.
- *Mentorship program.* Learning could be extended beyond the five-and-a-half day program through mentoring. One option is peer mentors who experience the ABF as a fixed quartet (four person group). This quartet would study and work together throughout the program, and then remain in touch afterwards. The same could be accomplished with more traditional mentor programs where we pair the fellows with senior business professional in their home country or the host country (as each participant prefers). Internet communications could be used to keep in touch with the mentor and mentee, and encourage further meetings and discussions.
- *Self-study.* One important point to remember is that not every topic recommended for the ABF must be taught in the classroom. If that was the case, then the list of suggested topics might add up to a two-week program. Instead, learners can complete some pre-readings prior to the arriving for the ABF. Simple methods such as five-question on-line surveys, to be completed after reading the text, could be used to encourage self-study. Additionally, technology offers additional self-study solutions. Numerous on-line or CD-ROM based modules are available via third party vendors.
- *Live cases.* As an alternative to printed Harvard style case studies, program administrators might invite a local business to serve as a live case. Ideally, this would be a company that has gone international in the last few years, and is comfortable operating under a situation including the Chatham House rule, sharing information with participants, and then gathering insights from participants who work on the business challenges which were presented.

Similarly, participants could bring in their own challenges for discussion. An excellent example of bringing practical experiences and questions into the executive classroom would be Harvard's *Your Own Case Study* (product number 9-405-037 at Harvard Business Online). Here participants create a mini-case based on an experience they wish to discuss.

These are five different ways in which the program delivery could be moved in the direction of a learner-centered experience. From the perspective of andragogy research, the above set of delivery alternatives makes sense because they move the program in a more learner-centered direction. Additionally, they contextualize discussions within the professional role faced by SME leaders, and

they also ask participants to discuss and reflect on their own experiences. Finally, each alternative provides a platform where participants can share and discuss their experiences as part of the learning process.

Regardless of the specific method used to connect ABF participants with practitioners, one essential point to remember is that the networking events are *not* merely meet-and-greet sessions. The events should begin with specific learning objectives in mind, and should be facilitated as *structured* networking events. In concise terms, a structured networking event will have learning objectives, common activities and discussion points shared by all participants (i.e., ABF participants and guests), and the sessions should be debriefed the following day for approximately ten minutes to encourage further reflection. To illustrate, learning goals can be clearly stated, participants can be given up to three questions for discussion, and then the experience can be debriefed the next morning. Networking events should never stray from their pedagogical purpose; all segments of the ABF should strive to deliver the greatest educational value for participants.

Program administrators, however, will need to consider the choices carefully in terms of resource commitments and ability to deliver. Getting a local corporation to serve as a live case and share the time of senior executives may appear difficult compared to asking participants to craft their own mini case for in-class discussion. Similarly, getting local professionals to serve as mentors for 6-12 months may seem difficult compared to inviting professionals to a panel discussion and networking event. Assigning pre-readings is an extremely low commitment, but designing short follow-up surveys that act as an incentive to complete pre-readings is a greater commitment of faculty and staff time. Program administrators must carefully consider the resources they are willing to invest as we strive to deliver a learner-centered program.

In short, a successful learner-centered program will require a greater investment from the IHL in terms of faculty and staff hours, building pre-assignments, and overall administration.

Learning that the ABF's target audience has a strong preference for learner-centered sessions and a matching preference for networking (for non-financial topics) raises several interesting questions. All, unfortunately, cannot be answered by the data collected during this study. The following questions may help you think about balancing the somewhat-competing tensions between offering a consistent program in all markets while also tailoring the program to each host market or diverse audiences.

First, lecture consistently scores well as a preferred method of delivery for certain topic areas, but this finding stands in some contrast to the literature review and the study of andragogy which teaches us that adult audiences strive to become more self-directed learners capable of interacting with a subject on their own terms (rather than terms dictated by a lecturer). As food for thought, we can speculate that history and culture, more specifically the tradition of delivering education in the lecture format, has socialized respondents to expect or even prefer a more passive educational model. Certainly, some participants may initially feel more comfortable falling back into the well-known passive learner role. In other words, respondents may be asking for a learning style they know and are comfortable with (especially in a more technical discipline like finance). As the research on andragogy teaches us, we must consider the learning context and any situational analysis must consider the preferences and past experiences of learners. We must balance the need to adapt with the need to challenge participants with new “stretch” experiences.

Second, the case method scores moderately well as a preferred learning method across the four topics. It ranks neither at the top or bottom. Certainly the history of business school education with its strong emphasis on cases, along with andragogy and its emphasis on problem-centered learning which connects with professional life, suggests that the case method might receive greater support from survey respondents. Our survey results may offer good reason to pause and think about the role of facilitated case discussion in the ABF. While it may be difficult to imagine an executive business program without case studies, our survey results also suggest that perhaps cases should not be the dominant instructional method. Cases instead might serve as useful tools for illustrating ideas previously lectured or read about, or as launching points before program attendees go into other experiences such as networking events or peer exercises and reviews. Cases should clearly be a part of the equation, but perhaps not the dominant approach.

5.3 Adapting the ABF to Local Participants

Singapore’s SME leaders responded enthusiastically to the call for survey participants, making up 42% of the total response set. Consequently, having such a strong voice in the overall survey, few adaptations will be required were an ABF delivered to a predominantly local (Singaporean) audience. Only two significant differences emerged when the overall data set was compared to the Singapore-specific findings. Singaporean respondents demonstrated a slight preference for topics which might be categorized as *planning*.

- *Financial planning and review*. Singaporean respondents indicated that this topic was both required and important. In the overall findings, this topic was certainly deemed important,

but not required. See Table 4-3 of this report for the complete findings for financial capabilities.

- *Gathering foreign market intelligence*. Singaporeans ranked this topic as both required and important. In the overall data set, respondents viewed the topic as less required and less important. See Table 4-9 of this report for the complete findings for marketing capabilities.

Together, the two differences suggest that the Singaporean SME audience will have a slightly larger appetite for learning modules that include planning and effective use of data. All other findings from the Singapore-specific data set, however, are nearly identical to the overall survey findings.

Adapting the ABF to a local audience composed mostly or entirely of Singaporeans should prove relatively easy. First, one of the elective course modules could be dedicated to financial planning and review. The same approach might also be used for *gathering foreign market intelligence*. A second method of adapting to a predominantly local audience would be to adjust the morning *Nuts & Bolts* session. When designing these ground-level conversations to kick-off each day, IHLs will not want to hold discussions which are too basic for local participants. Either of these topics could be easily included during the *Nuts & Bolts* morning session and led by a practitioner. Section 6 discusses this issue at length, and offers advice for adapting the morning session to more experienced local participants (see Section 6.3).

Should the host institution offer the ABF to a predominantly local audience, a small amount of additional emphasis might be given to planning. The topics of *Financial planning and review*, and *Gathering foreign market intelligence*, could be included. Otherwise, little adaptation will be required (see Section 6 for a full program description).

6. PROPOSED TRAINING FRAMEWORK

We propose a five-and-a-half day in-market business fellowship program. We recommend:

1. A strong inclination towards more learner-centered delivery models such as networking, discussion, and individual tasks looking at the participant's current business challenges.
2. A delivery model of about three-quarters length classroom days, allowing participants ample time for networking.
3. A support group structure such that participants go through the program as a quartet (four person group) for both social and intellectual reasons. Pre-assigning participants into groups will allow the socialization process to mature more quickly, and it also gives program administrators the ability to control group composition in such a way that program objectives are best met (e.g., we ensure that each quartet is culturally diverse before assigning an exercise on cross-cultural negotiation).
4. A strong follow-up to the fellowship such that SME participants keep in contact after concluding the program's classroom modules. An on-going network of SME leaders is perhaps one of the greatest contributions this fellowship can offer in support of SME internationalization.

6.1 Structure of the ABF

Table 6-1 presents the overall proposed framework for the ABF.

Table 6-1 ABF Stakeholder Interests and Program Characteristics

	Nuts-and-Bolts Discussions	Classroom Topics	Networking, Panels, and Site Visits
Overseas Fellows	High audience interest	Moderate to high interest	High interest
Local Fellows	Low audience interest	Moderate to high interest	High interest
Program Characteristics	<ul style="list-style-type: none"> • Opportunity to share ground-level specifics • Delivered by agency or experienced SME leader 	<ul style="list-style-type: none"> • Value-adding topics identified in survey study • Lecture for financial topics • Discussion methods for non-financial topics 	<ul style="list-style-type: none"> • Partner will local bodies such as AmCham or Chinese Chambers • Governmental and agency representatives • Site visits to successful SMEs
Second Track Option	Coffee conversations with local business, NGO, and political leaders. Emerging issue discussions.	none	none

The second track is an option, presented to host institutions, if there participants are a mix of local and visiting fellows. The morning *Nuts & Bolts* must be adapted to the unique set of participants attending each program run. Local participants may not be interested in a *Nuts & Bolts* discussions which tells introduces participants to processes and regulations for incorporating. Instead, the local participants would be given a second option, run concurrently, to join a coffee conversation in a neighbouring room which centers on an emerging issue and is facilitated by a local practitioners. All participants, therefore, can be given the opportunity to choose and discuss the topic most interesting to them.

A typical program day, therefore, might look something like the following.

Table 6-2 Proposed Daily Schedule for the ABF

Time	Activity	Notes
08:30 – 09:00	Coffee and breakfast	
09:00 – 10:15	Nuts-and-bolts discussions (both options 1 and 2)	Morning discussion with agency or business leaders.
10:15 – 10:45	Coffee	
10:45 – 12:30	Lecture, exercise, or case discussion	Executive education classroom portion of the day
12:30 -13:30	Lunch	
13:30 – 15:00	Lecture, exercise, or case discussion	Executive education classroom portion of the day
15:00- 18:00	Afternoon event	Site visit, panel discussion followed by networking event, guest presenter, etc
18:00 – 19:00	Networking cocktail reception	Optional time if networking event has not already been designed into the day
19:00	Dinner and evening free	

Over the course of one week, this general template could be applied to each of the themes identified in Section 5: market analysis, legal issues, partners, and internal operations.

Table 6-3 ABF Themes across Five-and-a-Half Program Days

Day	Theme	Notes
Sunday evening	Welcome, ice-breaking, and establishing interactive norms	Begin with a brief guest talk on the host market, related to market analysis, break the ice, facilitate a discussion, and set interactive norms. Alternatively, run a brief case discussion to set norms.
Monday	Market Analysis	Guest panel and networking reception in the afternoon
Tuesday	Partners	Afternoon site visit and networking
Wednesday	Internal operations	Guest panel and networking reception in the afternoon
Thursday	Internal operations	Afternoon site visit and networking
Friday	Legal Issues	No afternoon event; allow participants to depart no later than 3pm. Place legal issues here since it is the shortest topic and shortest day.

Putting the pieces together, the final proposed schedule would look similar to the following example in Tables 6-4 (targeting mostly visiting fellows) and 6-5 (targeting a mixed audience of visiting and local fellows).

Table 6-4: Program Overview Targeting Mostly Visiting Fellows

	Day 1	Day 2	Day 3	Day 4	Day 5
Theme	Market Analysis	Partners	Internal Operations	Internal Operations	Legal Issues
8.30 - 9.00 am	<i>Coffee and Breakfast</i>				
9:00 – 10:15 am	<i>Nuts & Bolts</i> Local and Regional Business Practices	<i>Nuts & Bolts</i> Seek out and Evaluate Potential Partners	<i>Nuts & Bolts</i> Debt Management and Financing	<i>Nuts & Bolts</i> Cost allocation and Control	<i>Nuts & Bolts</i> Taxation
10.15 - 10.45 am	<i>Tea/Coffee break</i>				
10.45 - 12.30 pm	<i>Classroom</i> Market analysis at industry level	<i>Classroom</i> Expand Distribution Networks	<i>Classroom</i> Financial planning and review	<i>Classroom</i> Cashflow management	<i>Classroom</i> Legal and regulatory framework
12.30 - 1.30 pm	<i>Lunch</i>				
1.30 - 3.00 pm	<i>Classroom</i> Elective Topic 1*	<i>Classroom</i> Cross-cultural negotiations	<i>Classroom</i> Elective Topic 2*	<i>Classroom</i> Pricing	<i>Classroom</i> Elective Topic 3*
3.00 - 3.30 pm	<i>Tea/Coffee break</i>				
3:30 – 6:00 pm	<i>Site Visit and Networking</i>	<i>Panel Discussion - Managing Partner Relations - and Networking</i>	<i>Site Visit and Networking</i>	<i>Panel Discussion - Expanding Distribution Networks – and Networking</i>	Depart Program's end
Legend	<i>Nuts & Bolts Discussion</i> How-to, practical discussions where practitioners guide participants	<i>Lecture</i> Preferred learning style for finance topics as indicated by respondents	<i>Discussions Method</i> Preferred learning style for non-financial topics as indicated by respondents	<i>Networking and Site Visits</i> Preferred program experience as indicated by respondents	

* Elective topics are designed for customization purposes such that the thematic topics selected can be specific to issues that are important to that particular country running the program, e.g. For Day 1, an Elective Topic for Market Analysis could be “The Impact of the 2008 Financial Crisis for Country X” (Country X being the country that is running the program).

Table 6-5: Program Overview Targeting a Mix of Local and Visiting Fellows

	Day 1	Day 2	Day 3	Day 4	Day 5				
Theme	Market Analysis	Partners	Internal Operations	Internal Operations	Legal Issues				
8.30 - 9.00 am	<i>Coffee and Breakfast</i>								
9.00 - 10.15 am	Two Tracks : <i>Track 1: Nuts-and-Bolts Discussion</i> <i>Track 2: Emerging Issue Discussion</i>								
	<u>Track 1:</u> Local and Regional Business practices	<u>Track 2:</u> Emerging Issue – How can local SMEs align business practices with others?	<u>Track 1:</u> Seek out and evaluate potential partners	<u>Track 2:</u> Emerging Issue – What does it mean to be a local partner?	<u>Track 1:</u> Debt Management and Financing	<u>Track 2:</u> Emerging Issue – Where else can local SMEs find financing in the local market	<u>Track 1:</u> Cost allocation and control	<u>Track 2:</u> Emerging Issue – How to keep costs down?	<u>Track 1:</u> Taxation
10.15 - 10.45 am	<i>Tea/Coffee break</i>								
10.45 - 12.30 pm	Market analysis at industry level	Expand Distribution Networks	Financial planning and review	Cashflow management	Legal and regulatory framework				
12.30 - 1.30 pm	<i>Lunch</i>								
1.30 - 3.00 pm	Elective Topic 1	Cross-cultural negotiations	Elective Topic 2	Pricing	Elective Topic 3				
3.00 - 3.30 pm	<i>Tea/Coffee break</i>								
3:30 – 5:00 pm	Site Visit	Panel Discussion - Managing Partner Relations	Site Visit	Panel Discussion - Expanding distribution networks	Depart Program's end				
5.00 - 6.00 pm	Evening Reception and Networking								

Table 6-6 Specific Content Areas

Day	Topics	Specific Content
1	Local and Regional Business Practices	The etiquette of meeting, greeting, communication, gift giving, entertaining and business meetings.
1	Market Analysis at Industry Level	Population analysis, and market income analysis. Porter's 5 forces: supplier, buyer, substitutes, barriers to entry, and rivalry.
2	Seek and Evaluate Potential Partners	Non-financial forms of partner risk. Financial risk and creditworthiness. Task-related aspects of partner selection. Organizational learning aspects of partner selection process.
2	Expand Distribution Networks	Company evaluation: what are its products, resources, and needs from a distribution network? Revenue logic that makes sense for both parties. Challenges of forming a network and the challenges of managing the network.
2	Cross-Cultural Negotiations	<ol style="list-style-type: none"> 1. How to approach the negotiation, building rapport and other preparatory steps. 2. Preparation – acquiring information – tips on what, when and the way in which facts, statistics and other supporting evidence should be used in negotiations. 3. Negotiation tactics – examining cross cultural differences in negotiation styles such as haggling, stalling, changing demands, seeking concessions and closing deals.
3	Debt Management and Financing	Interest rate risk, fixed versus floating, long and short-term liabilities.
3	Financial Planning and Review	Financial risk management, link between strategic planning and financial performance, financial planning during the early stages of pre-market entry, and budgeting.
4	Cashflow Management	Depreciation, research and development, earnings and cashflow, and how to expense.
4	Cost Allocation and Control	Managerial accounting, how to allocate fixed costs, cost allocation systems and accountability
4	Pricing	Making strategic pricing decisions; human capital and pricing; systems capital and pricing; social capital and pricing; responding effectively to a price war.
5	Taxation	Economic and political context of taxation, local issues in corporate reporting, corporate governance issues, GST, and international tax planning
5	Legal and Regulatory Framework	General business law, tax laws, intellectual property, contract law, and employment law.

6.2 Program Differentiation

How is the ABF different from other executive education or open enrollment programs targeting SMEs? The key differences include:

- A thematic focus which reflects the reality of organizations; that areas such as finance and marketing, for example, are not isolated and should be considered in tandem in thinking about internationalization.
- A strong link between the program modules and the preferred methods of learning based on survey respondents' preferences. In fact, non-traditional program delivery methods make up nearly half the program. Participants will have an experience which includes, but also reaches beyond lecture and case studies.
- Structured networking experiences integrated with site visits are designed into each day.
- Practitioner-led *Nuts & Bolt* discussions begin each day and offer a grounded discussion to begin each day.
- The emphasis on networking and participant-practitioner interactions offer an excellent opportunity for building public-private partnerships in support of the ABF.
- Sufficient flexibility has been designed into the program allowing host institutions ample room for tailoring the program to their market, faculty expertise, and facilities.

6.3 Host Institution Considerations

Institutions of Higher Learning (IHL) should possess three primary characteristics—executive education track record, community connections, and faculty expertise and facilities—when choosing to host the ABF.

First and foremost, a successful track record delivering SME executive programs should be in place. The literature review and focus groups are clear that SME demands are relatively unique when compared to those facing MNCs. Institutions bringing a well-established executive education track record, specifically aimed at SMEs, will be in the best position to host this program.

Second, potential hosts should also have strong community connections. One of the key characteristics of the ABF is its focus on learning through structured networking and building connections within the business community. Host institutions should not use the ABF as an opportunity to hopefully build or enhance such community connections, but instead be in a position to draw up existing relationships to host a successful ABF.

Finally, faculty expertise and facilities should be considered. Can the potential host draw upon faculty experienced with SME research or executive education? Does the potential host have facilities which are ideal not just for the classroom portion of the program, but also for the structured networking events and panels? Finally, does the potential host have a proven track record as an institution which delivers interactive, discussion oriented sessions which survey respondents clearly preferred for all non-financial topics?

Once a host institution is selected, the host should given careful consideration to a range of cost issues which can directly impact the program's success. These cost items include but may not be limited to the following.

- *Curriculum development.* Since the ABF emphasizes in-market customization, the host institution most likely will not be able to rely on traditional case study clearinghouses for all course materials. The host institution must be prepared to invest in market-specific learning materials and case studies, and therefore material development fees are likely to increase.
- *Faculty costs.* The rate that is paid to the Faculty running the program will need to be considered, and this cost should be tied to the number of hours taught, and the design of the areas specific for the ABF.
- *Hosting costs.* These costs include cost of renting the training facility, transportation costs and catering costs. Including several site visits in the ABF will also increase transportation costs. The transportation needs should be considered early and figured into the program budget. With such a heavy emphasis on networking and community connections, food and beverage costs are likely to increase significantly compared to a tradition executive education program.

Additional yet more routine costs should also be considered. Marketing, printing, administrative support staff, and gifts for community volunteers as well as networking event guests should also be carefully considered.

Hosting IHLs can select from numerous professionals, agencies, or faculty to deliver any portion of this program. The best facilitators and speakers, however, should possess deep business knowledge and with top-flight presentation or facilitation skills. This general guideline will then manifest itself differently during each portion of the program. To illustrate, consider the three major components of the ABF.

- *Nuts-and-Bolts Discussion:* The unique demand of this session will be deep awareness of requirements and processes. For example, exactly how would an SME incorporate in the host country? Government agencies responsible for supporting SMEs and incorporation, or SME leaders who have successfully entered the market, might be ideal choices for leading this discussion.
- *Classroom Topics:* Drawing from the literature review on andragogy, the typical executive classroom engages participants and creates learning opportunities through facilitated discussion or experiences (e.g., simulations or role plays). Additionally, our survey findings suggest that such an approach is appropriate for the non-financial topics. Therefore, the non-financial topics should be lead by the best facilitators while financial topics should be led by the best lecturers.
- *Networking, Panels, and Site Visits:* The final session of each day brings people together, gives a common platform for discussion, and then encourages participants to expand their professional networks. Here, partner agencies will be important. The most desirable partners will display a specific interest in SME groups (e.g., AmCham's SME special interest groups), have a member base for bringing local business professionals together with fellows, and ideally will have experience hosting similar events.

Each portion of the day, because it attempts to accomplish a different goal, will require a different style of leadership and partnership. An ABF delivering three unique experiences—Nuts & Bolts discussions, classroom discussion, and networking—should give careful thought to who are the partners and session leaders. The host IHL should treat each portion of the day as distinct, as having its own unique learning requirements, and then choose partners and course materials appropriately.

6.4 Conclusion

As the end of 2009 approaches, global economic conditions show early signs of leveling off and hopefully improving. SME s seeking to expand internationally can potentially take advantage of economic changes. Numerous studies from around the globe, however, indicate that SMEs need support if they are to successfully internationalize.

The ABF program is one of many ways SMEs can be supported. This study has looked specifically at the program design, content, and delivery of the ABF program and recommended numerous ways to adapt such a program to the needs of SMEs across the twenty-one APCE economies. Additionally,

alternatives have been shared so that program administrators and faculty in each market can adapt to the specific demands of their audience, local market needs, and of course institutional capacities.

Stepping up on the balcony and looking at the report findings, perhaps the single greatest lesson is that if the ABF is to be successful, then simply delivering the fellowship as another run-of-the-mill open enrollment program is not the best way to meet the needs of our audience—APEC's SMEs. Delivering a program that includes Nuts & Bolts discussions, appropriate classroom experiences, and superb networking opportunities will be essential. Additionally, adapting the delivery methods to the preferred learning methods of adult professionals will be key to convincing SME leaders—those in the classic player-coach role—to take time away from their business and become fully committed participants of an in-market program.

STRUCTURED INTERVIEW GUIDE

Objectives: To understand

1. the kind of challenges (general) faced in internationalization for SMEs
2. the firm-level knowledge/skills/competencies required to navigate each of these challenges
3. how such firm-level knowledge/skills/competencies have been (can be) acquired for the internationalization effort

Background Information Required:

- Name, Position
- Job responsibilities
- Name of Organization
- Number of Employees
- What is the scope of your current activities? Are you largely based in Singapore, and have your SME already internationalized?
 - If yes, to what countries/regions? Describe the type of operations engaged in these locations.
 - If not, does your SME plan to do so? Any timeframe?
- Business Activity: Nature of your Principal business:
 - Wholesale of raw materials, food, beverages, and tobacco
 - Wholesale of household goods
 - Wholesale of non-agricultural intermediate products, waste and scrap
 - Wholesale of machinery, equipment and supplies
 - Wholesale of transport equipment
 - Commodity Trading (specify types of products)
 - Manufacturing (specify types of commodities)
 - Service providers (specify service)
 - Broking
 - Consultancy
- Industry:
 1. Agriculture, Livestock, Plantations and Commodities
 2. Automotive
 3. Chemical and Plastics
 4. Construction, Property Development and Building Materials
 5. Consumer Goods
 6. Education and Training
 7. Electrical and Electronics
 8. Financial Services
 9. Food & Beverage
 10. Furniture and Wood based Manufacturing
 11. Healthcare, Pharmaceutical and Biotechnology
 12. Hospitality, Food Service and Tourism
 13. Industrial and Commercial Products
 14. Oil & Gas, Mining and Energy
 15. Personal Services
 16. Professional and Business Services
 17. Retail
 18. Telecommunications and ICT
 19. Trading and Wholesaling
 20. Transportation and logistics

- What are the kinds of challenges (general) faced in internationalization for SMEs like your organization?
 - Respondents will list a few major challenges
 - *For each challenge faced, we will probe with the following questions:*
 - Why is it challenging?
 - Is this challenge specific to SMEs?
 - What are some of the solutions (or potential solutions) you have in mind for dealing with this current challenge?
 - *To what extent does the current firm-level knowledge/skills/competencies facilitate or impede the resolution of this challenge?*
 - What are some of the major issues affecting skills development for meeting this challenge in SMEs?
 - Probe: e.g., too busy to attend courses, fees too high, not interested in skills development, technical skills development programs available but not good enough or specific skills development programs or courses not available, tendency of employees resigning after received training, limited budget, ease in employing so no need for skills development programs, etc.
 - What are some skills development courses and programmes that are popular among SMEs? Who are the organisers?
 - How and when do SMEs decide to internationalize?
 - To what extent does the current ability of its employees determine internationalization efforts?
 - Who usually heads such an initiative?
 - What is the profile of such an individual?
 1. Typical job scope
 2. Desired qualities
 3. Hard Skills vs. Soft Skills
 4. Core Skills vs. Peripheral Skills
 5. Mindset Issue:
 - Flexible and resilient in meeting with frequent changes
 - Interested and want to do more
 - Willing to take up challenges
 - Customer-service oriented-more sensitive in meeting the needs of customers
 - What critical knowledge/skills/competencies does such an individual need? e.g. prior overseas experience, additional qualification, financial knowledge
 - What is the biggest challenge such individuals face in the internationalization effort?
 - What are the TOP THREE HR concerns in your SME with regard to such individuals?
 - Describe the types of training program provided for this group of individuals.
- What are the **main problems or difficulties** faced by your SME when it comes to providing training for these individuals?

APPENDIX 2**COMPOSITION OF SMES INTERVIEWED (BY REVENUE AND INDUSTRY)**

	Size (revenue)		
	<SGD10 million	SGD\$10-29.9 million	> SGD \$30 million
Wholesale and Trading			Company F (FG1)
Services	1. Company A (FG1) 2. Company B (FG2) 3. Company C J. (FG2)	Company E (FG1)	
Technology	1. Company G (1-1) 2. Company H (FG1)		
Manufacturing			1. Company I (FG1) 2. Company J (1-1)

* FG-Focus group meetings, 1-1 – one on one meeting

** One-on-one meeting: Company G (16 Apr 2009); Company J (15 May 2009)

*** Focus group meeting: FG1 – 4 May 2009; FG2 - 7 May 2009

APPENDIX 3

COMPOSITION OF SMES INTERVIEWED (BY LENGTH OF INTERNATIONALIZATION)

Length	Company
<5 years	1. Company B (Services) 2. Company I (Manufacturing) 3. Company H (Technology)
5 to <10 years	1. Company A (Services) 2. Company G (Technology) 3. Company C (Services) 4. Company E (Services)
>= 10 years	1. Company J (Manufacturing) 2. Company F (Trading)

APPENDIX 4
FOCUS GROUP INTERVIEW HIGHLIGHTS

1. Selecting the right partner in going international is most important. In addition, being able to negotiate and understand language differences play a big role. That includes being culturally sensitive.
2. Local knowledge - need to understand the political dynamics of the country one is venturing into, and that includes the socio-economic background. Getting to the right network and understanding those nuances are most important. Developing the right contacts plays a big role in internationalization. Need to understand how to manage the locals and find the right local talent to work in the foreign operations is a challenge too.
3. Legal aspects play a big role, e.g. immigration procedures for employees in the service sector that are going international.
4. Managing partner relations, under the broad umbrella of managing JVs etc are important areas as expectations etc are usually not well discussed and communicated. Overall, participants stressed the importance of understanding human behaviors in cross cultural context.
5. In connection to the internationalization issue is that of succession planning. SMEs need to do that alongside with their efforts in internationalization as there is a need for continuity especially if family members are not interested in the business.
6. As SMEs are focused on cash management, there is a need to expose them to different sources of financing and ways of managing that as well. Risk management is another area to delve in, especially for companies going into developing countries where there is more volatility and risk is higher.
7. The focus of delivery is important-participants noted that it is highly unlikely that the first generation entrepreneurs would attend class, we are better off targeting the second generation who are better educated and who would be more interested in internationalization
8. Pedagogy is important for the delivery of program-inviting guest speakers from industry, having case studies that are relevant, interacting with fellow participants
9. Another area to consider is the length of the program-SME owners may not have that much time to participate in a long program.

SECTION 1 COMPANY BACKGROUND

1.1 Which year was your company formed?

1.2 What is your company's main business?

- | | |
|----------------------------------------------------------------|-----------------------------------------------------|
| <input type="checkbox"/> Wholesale | <input type="checkbox"/> Property |
| <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Finance |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Holdings |
| <input type="checkbox"/> Services | <input type="checkbox"/> Hotels/Food Establishments |
| <input type="checkbox"/> Communications, Transport and Storage | <input type="checkbox"/> Others, please specify: |
| <input type="checkbox"/> Retail | |

1.3 What is your TITLE/POSITION in the company?

1.4 Which APEC Member Economy is your company located in?

1.5 Does your company plan to engage in international activities (e.g. exporting, setting up a distribution network, etc)?

- Yes
 No
 Unsure
 We have already internationalized

1.6 If your company has already internationalized, which other countries does your company have a presence in? Please list ALL.

1.7 How many employees are there in your company?

For your domestic activities : For your international activities :

1.8 If your company operates outside its domestic country, in which YEAR did your company start to internationalize?

1.9 Your company is now:

- active in international activities
 aspiring to be active (future potential/desire to be involved in international activities)
 not-active in international activities (without a future/potential desire to be involved in international activities)

1.10 What is the main approach used or is being considered by your company in your international activities?

- Export
- Appointment of overseas distributors/agents
- Overseas alliances (joint venture/partnerships etc)
- Franchising
- Setting up overseas branches/offices/subsidiaries
- Others, please specify:

1.11 Please indicate your company's total revenue in 2007.

- More than USD \$60 million
- USD \$50 million to less than USD \$60 million
- USD \$40 million to less than USD \$50 million
- USD \$30 million to less than USD \$40 million
- USD \$20 million to less than USD \$30 million
- USD \$10 million to less than USD \$20 million
- USD \$1 million to less than USD \$10 million
- Less than USD \$1 million

1.12 Please indicate your company's total revenue in 2008.

- More than USD \$60 million
- USD \$50 million to less than USD \$60 million
- USD \$40 million to less than USD \$50 million
- USD \$30 million to less than USD \$40 million
- USD \$20 million to less than USD \$30 million
- USD \$10 million to less than USD \$20 million
- USD \$1 million to less than USD \$10 million
- Less than USD \$1 million

1.13 What is the approximate PERCENTAGE of your total revenue that was generated from international activities in the last two years? 2007____ 2008____

SECTION 2 FINANCIAL CAPABILITIES

2.1 In your company’s international activities, to what extent do you require capabilities in the following areas? Indicate with the following scale ranking from (1) DO NOT REQUIRE to (1) GREATLY REQUIRED.

	1. DO NOT REQUIRE	2	3	4	5. GREATLY REQUIRED
1. Financial planning and review in foreign operations – e.g. using different types of financing; internal, equity and debt, and how credit facilities are granted					
2. Debt management and new financing – e.g. types of collaterals used by the company for debt financing					
3. Cashflow management – e.g. understanding how to grant credit to foreign customers					
4. Cost allocation and control – e.g. understanding costs such as insurance costs, transportation costs and costs of customs administration					
5. Risk management – e.g. foreign currency exchange risks					
6. Taxation in foreign countries such as tax laws and tax filing processes					
7. Others, please specify					

2.2 Please indicate up to THREE ideal ways to acquire each of the following FINANCIAL CAPABILITY.

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Financial planning and review in foreign operations – e.g. using different types of financing; internal, equity and debt, and how credit facilities are granted							
2. Debt management and new financing – e.g. types of collaterals used by the company for debt financing							

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
3. Cashflow management – e.g. understanding how to grant credit to foreign customers							
4. Cost allocation and control – e.g. understanding costs such as insurance costs, transportation costs and costs of customs administration							
5. Risk management – e.g. foreign currency exchange risks							
6. Taxation in foreign countries such as tax laws and tax filing processes							
7. Others, please specify							

2.3 Please rank the following FINANCIAL CAPABILITIES required with 1 being the most important. Please fill in additional capabilities (if needed).

___ Financial planning and review in foreign operations – e.g. using different types of financing; internal, equity and debt, and how credit facilities are granted

___ Debt management and new financing – e.g. types of collaterals used by the company for debt financing

___ Cashflow management – e.g. understanding how to grant credit to foreign customers

___ Cost allocation and control – e.g. understanding costs such as insurance costs, transportation costs and costs of customs administration

___ Risk management – e.g. foreign currency exchange risks

___ Taxation in foreign countries such as tax laws and tax filing processes

___ Others, please specify

SECTION 3 BUSINESS ENVIRONMENT CAPABILITIES

3.1 In your company's international activities, to what extent do you require capabilities in the following areas? Indicate with the following scale ranking from (1) DO NOT REQUIRE to (5) GREATLY REQUIRED.

	1. DO NOT REQUIRE	2	3	4	5. GREATLY REQUIRED
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels					
2. Market analysis at the industry level – e.g. scan, locate and analyze foreign external environments for opportunities					
3. Understand and manage the complexity of foreign distribution channels					
4. Seek out and evaluate potential partners for foreign operations					
5. Tap into networks such as trade associations and chambers of commerce in foreign countries					
6. Legal and regulatory framework of foreign countries – e.g. knowing how to enforce contracts and resolve disputes, level of protection of intellectual property					
7. Others, please specify					

3.2 Please indicate up to THREE ideal ways to acquire each of the following BUSINESS ENVIRONMENT CAPABILITIES.

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels							
2. Market analysis at the industry level – e.g. scan, locate and analyze foreign external environments for opportunities							

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
3. Understand and manage the complexity of foreign distribution channels							
4. Seek out and evaluate potential partners for foreign operations							
5. Tap into networks such as trade associations and chambers of commerce in foreign countries							
6. Legal and regulatory framework of foreign countries – e.g. knowing how to enforce contracts and resolve disputes, level of protection of intellectual property							
7. Others, please specify							

3.3 Please rank the following BUSINESS ENVIRONMENT CAPABILITIES required with 1 being the most important. Please fill in additional capabilities (if needed).

- Read economic and political data to interpret and anticipate trends at the global, regional and country levels
- Market analysis at the industry level – e.g. scan, locate and analyze foreign external environments for opportunities
- Understand and manage the complexity of foreign distribution channels
- Seek out and evaluate potential partners for foreign operations
- Tap into networks such as trade associations and chambers of commerce in foreign countries
- Legal and regulatory framework of foreign countries – e.g. knowing how to enforce contracts and resolve disputes, level of protection of intellectual property
- Others, please specify:

SECTION 4 MARKETING CAPABILITIES

4.1 In your company’s international activities, to what extent do you require capabilities in the following areas? Indicate with the following scale ranking from (1) DO NOT REQUIRE to (5) GREATLY REQUIRED.

	1. DO NOT REQUIRE	2	3	4	5. GREATLY REQUIRED
1. Promote brand awareness through traditional media – e.g. TV, print or public relations					
2. Promote brand awareness through internet channels – e.g. search engine optimization, social networks, and online ads					
3. Expand distribution networks in foreign operations					
4. Gather foreign market intelligence					
5. Determine the appropriate pricing of the products and services to stay competitive					
6. Develop new products and services for the foreign markets					
7. Buy and sell products and services over the internet					
8. Others, please specify					

4.2 Please indicate up to THREE ideal ways to acquire each of the following MARKETING CAPABILITIES.

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Promote brand awareness through traditional media – e.g. TV, print or public relations							
2. Promote brand awareness through internet channels – e.g. search engine optimization, social networks, and online ads							
3. Expand distribution networks in							

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
foreign operations							
4. Gather foreign market intelligence							
5. Determine the appropriate pricing of the products and services to stay competitive							
6. Develop new products and services for the foreign markets							
7. Buy and sell products and services over the internet							
8. Others, please specify							

4.3 Please rank the following MARKETING CAPABILITIES required with 1 being the most important. Please fill in additional capabilities (if needed).

- Promote brand awareness through traditional media – e.g. TV, print or public relations
- Promote brand awareness through internet channels – e.g. search engine optimization, social networks, and online ads
- Expand distribution networks in foreign operations
- Gather foreign market intelligence
- Determine the appropriate pricing of the products and services to stay competitive
- Develop new products and services for the foreign markets
- Buy and sell products and services over the internet
- Others, please specify

SECTION 5 CROSS CULTURAL MANAGEMENT CAPABILITIES

5.1 In your company's international activities, to what extent do you require capabilities in the following areas? Indicate with the following scale ranking from (1) DO NOT REQUIRE to (5) GREATLY REQUIRED.

	1. DO NOT REQUIRE	2	3	4	5. GREATLY REQUIRED
1. Habits and attitudes of foreign customers, employees and partners					
2. Foreign business practices					
3. Verbal/nonverbal language differences					
4. Motivate and retain employees in foreign operations					
5. Management style required in specific foreign context					
6. Negotiate across cultures					
7. Manage partner relations					
8. Others, please specify					

5.2 Please indicate up to THREE ideal ways to acquire each of the following CROSS CULTURAL MANAGEMENT CAPABILITIES.

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Habits and attitudes of foreign customers, employees and partners							
2. Foreign business practices							
3. Verbal/nonverbal language differences							
4. Motivate and retain employees in foreign operations							
5. Management style required in specific foreign context							

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
6. Negotiate across cultures							
7. Manage partner relations							
8. Others, please specify							

5.3 Please rank the following CROSS CULTURAL MANAGEMENT CAPABILITIES required with 1 being the most important. Please fill in additional capabilities (if needed).

- Habits and attitudes of foreign customers, employees and partners
- Foreign business practices
- Verbal/nonverbal language differences
- Motivate and retain employees in foreign operations
- Management style required in specific foreign context
- Negotiate across cultures
- Manage partner relations
- Others, please specify

SECTION 6 COMPANY CHARACTERISTICS

The following questions examine the external local environment that your company is faced with and the manner in which your company has organized itself. Please indicate your agreement with the statements stated at either end of the anchor by checking the option that most closely reflect your company's current position.

6.1 How would you characterize the external environment within which your company operates?

1(Very safe, little threat to the survival and well being of my company)

7(Very risky, a false step can mean my company's undoing)

1(Rich in investment and marketing opportunities)

7(Very stressful, exacting, hostile, very hard to keep afloat)

1(An environment that my firm can control and shape to its own advantage, such as a dominant company has in an industry with little competition and few hindrances)

7(A dominating environment in which my company's initiatives count for very little against the tremendous competitive, political or technological forces)

6.2 In general, the top managers of my company favor...

1 (A strong emphasis on the marketing of tried and proven products and services)

7 (A strong emphasis on R&D, technological leadership and innovations)

6.3 How many new lines of products or services has your company marketed in the past 5 years?

1 (No new lines of products or services)

7(Many new lines of products or services)

1 (Changes in product or service line have been mostly of a minor nature)

7 (Changes in product or service lines have usually been quite dramatic)

6.4 In dealing with its competitors, my company...

1 (Is very seldom the first business to introduce new products/services, administrative techniques, operating technologies, etc)

7 (Is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc)

1 (Typically seeks to avoid competitive clashes, preferring a passive posture)

7 (Typically adopts a very competitive, proactive posture)

6.5 In general, the top managers of my company have...

1 (A strong tendency for low-risk projects; with normal and certain rates of return)

7 (A strong tendency for high-risk projects; with chances of very high returns)

6.6 In general, the top managers of my company believe that...

1 (Due to the nature of the environment, it is best to explore it gradually via cautious, incremental behavior)

7 (Due to the nature of the environment, bold, wide ranging acts are necessary to achieve the company's objectives)

6.7 When confronted with decision-making situations involving uncertainty, my company...

1 (Typically adopts a cautious, 'wait-and-see' posture in order to minimize the probability of making costly decisions)

7 (Typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities)

6.8 Please indicate the extent to which you are satisfied with your company's access to financial capital.

1 (Insufficient and a great barrier for our development)

7 (Fully satisfactory for the company's development)

6.9 The following questions try to understand your company's culture and to help us understand the impact of organizational culture on internationalization. Please indicate your agreement with the following statements by using the following scale ranging from (1) Strongly disagree to (5) Strongly agree.

	1. Strongly disagree	2	3	4	5. Strongly agree
1. Managers basically agree that our company's ability to learn is the key to our competitive advantage.					
2. The basic values of this company include learning as key to improvement.					
3. The sense around here is that employee learning is an investment, not an expense.					
4. Learning in my company is seen as a key commodity necessary to guarantee organizational survival.					
5. Our culture is one that does not make employee learning a priority.					
6. The collective wisdom in this company is that once we quit learning, we endanger our future.					
7. We are not afraid to reflect critically on the shared assumptions we have about the way we do business.					
8. Managers in this company do not want their 'view of the world' to be questioned.					
9. Our company places a high value on open-mindedness.					
10. Managers encourage employees to 'think outside of the box'.					

	1. Strongly disagree	2	3	4	5. Strongly agree
11. An emphasis on constant innovation is not part of our corporate culture.					
12. Original ideas are highly valued in this company.					

6.10 Please indicate your satisfaction with your company's overall achievement with the following metric on a scale of 1-5 where 1=very dissatisfied and 5=very satisfied.

	1. Very dissatisfied	2	3	4	5. Very satisfied
1. Return on investment					
2. Return on equity					
3. Net profit margin					
4. Return on assets					
5. Sales growth					
6. Market share growth					
7. Growth in the number of employees					

6.11 To what extent would your company be interested in attending in-market executive training programs (e.g. programs conducted in the country of interest)?

1 (Not interested)

5 (Very interested)

6.12 What challenges does your company face in internationalizing, in view of the current financial crisis?

6.13 Please provide us with an EMAIL ADDRESS if you wish to receive a copy of the final report. Thank you.

APPENDIX 6
DETAILED ANALYSIS: SINGAPORE
 Sample Size = 72

Appendices 6-A to 6-D detail the statistical analyses from the Singapore participants' responses. There are four main sections; Financial Capabilities, Business Environment Capabilities, Marketing Capabilities, and Cross Cultural Management Capabilities.

The *first* table of each section details two main types of information for both the Overall and Singapore sample: 1) Respondents' Requirement for each capability, scored such that the higher the score, the higher the requirement, and 2) Requirements' assessment of the Importance of each capability, scored such that the lower the score, the more important the capability is. The third column of the first table is a re-rank of the scores in column two.

The second table of each section details the frequency of the methods respondents consider as being most suited for delivering the capability. The higher numbers indicate the more preferred mode of delivery.

Appendix 6-A

I) Financial Capabilities – Required and Importance

Financial Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance Rank	Singapore Capabilities Required (Average)	Singapore Importance (Average)	Singapore Importance-Rank
1. Financial planning and review in foreign operations	3.48	2.28*	1	3.76	2.58*	1
2. Debt management and new financing	3.13	3.28	3	3.23	3.29	3
3. Cashflow management	3.44	2.83	2	3.60	2.62	2
4. Cost allocation and control	3.57	3.32	4	3.74	3.44	4
5. Risk management	3.56	4.00	5	3.65	4.03	5
6. Taxation in foreign countries	3.57	4.21	6	3.65	4.18	6

* The importance of the capabilities are ranked such that the smaller the number, the more important it is - i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Financial Capabilities – Ideal Ways of Acquisition

Singapore (Counts)	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Financial planning and review in foreign operations	22	12	17	30	17	13	23
2. Debt management and new financing	23	11	15	32	15	14	17
3. Cashflow management	20	13	17	30	18	9	18
4. Cost allocation	20	10	19	27	20	14	18

Singapore (Counts)	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/ or recruit personnel with required skills
and control							
5. Risk management	25	11	15	25	22	15	16
6. Taxation in foreign countries	24	10	11	22	12	14	26

Appendix 6-B

I) Business Environment Capabilities – Required and Importance

Business Environment Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Singapore Capabilities Required (Average)	Singapore Importance (Average)	Singapore Importance - Rank
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels	3.47	3.59*	4	3.51	3.72*	4
2. Market analysis at the industry level	4.03	2.37	1	4.12	2.52	2
3. Understand and manage the complexity of foreign distribution channels	3.79	3.25	3	3.78	3.30	3
4. Seek out and evaluate potential partners for foreign operations	4.18	2.83	2	4.39	2.44	1
5. Tap into networks such as trade associations and chambers of commerce in foreign countries	3.72	3.89	5	3.76	3.96	5
6. Legal and regulatory framework of foreign countries	3.92	4.31	6	4.09	4.09	6

* The importance of the capabilities are ranked such that the smaller the number, the more important it is i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Business Environment Capabilities – Ideal Ways of Acquisition

Singapore (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/ or recruit personnel with required skills
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels	25	13	10	32	13	27	10
2. Market analysis at the industry level	21	9	16	41	10	20	17
3. Understand and manage the complexity of foreign distribution channels	20	10	14	33	16	15	21

Singapore (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
4. Seek out and evaluate potential partners for foreign operations	9	4	10	43	16	13	22
5. Tap into networks such as trade associations and chambers of commerce in foreign countries	19	5	11	38	12	12	13
6. Legal and regulatory framework of foreign countries	23	10	10	24	16	19	29

Appendix 6-C**I) Marketing Capabilities – Required and Importance**

Marketing Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Singapore Capabilities Required (Average)	Singapore Importance (Average)	Singapore Importance - Rank
1. Promote brand awareness through traditional media	3.03	4.28*	6	3.00	4.42*	6
2. Promote brand awareness through internet channels	3.61	3.60	4	3.58	3.56	4
3. Expand distribution networks in foreign operations	4.08	2.76	1	4.04	2.70	2
4. Gather foreign market intelligence	3.96	2.97	2	4.05	2.62	1
5. Determine the appropriate pricing of the products and services to stay competitive	4.13	3.25	3	4.07	3.25	3
6. Develop new products and services for the foreign markets	3.99	3.78	5	3.93	3.81	5
7. Buy and sell products and services over the internet	3.22	5.61	7	2.85	5.90	7

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Marketing Capabilities – Ideal Ways of Acquisition

Singapore (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Promote brand awareness through traditional media	13	9	12	23	14	12	23
2. Promote brand awareness through internet channels	11	6	12	25	16	15	23
3. Expand distribution networks in foreign operations	12	4	11	37	12	8	21
4. Gather foreign market intelligence	17	9	11	30	17	16	21
5. Determine the appropriate pricing of the products and services to stay competitive	9	8	10	35	20	14	18
6. Develop new products and services for the foreign markets	9	7	11	33	19	15	17
7. Buy and sell	12	5	7	16	15	21	18

Singapore (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/ or recruit personnel with required skills
products and services over the internet							

Appendix 6-D**I) Cross Cultural Management Capabilities – Required and Importance**

Cross Cultural Management Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Singapore Capabilities Required (Average)	Singapore Importance (Average)	Singapore Importance - Rank
1. Habits and attitudes of foreign customers, employees and partners	3.89	2.81*	2	3.94	2.78*	2
2. Foreign business practices	4.12	2.69	1	4.23	2.55	1
3. Verbal / nonverbal language differences	3.79	4.28	6	3.73	4.55	7
4. Motivate and retain employees in foreign operations	3.70	4.37	7	3.65	4.39	6
5. Management style required in specific foreign context	3.64	4.14	5	3.55	4.35	5
6. Negotiate across cultures	4.00	4.00	4	4.09	3.82	4
7. Manage partner relations	4.16	3.85	3	4.15	3.36	3

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Cross Cultural Management Capabilities – Ideal Ways of Acquisition

Singapore (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Habits and attitudes of foreign customers, employees and partners	19	4	14	32	20	15	14
2. Foreign business practices	17	8	10	33	17	10	18
3. Verbal / nonverbal language differences	14	5	14	27	22	15	14
4. Motivate and retain employees in foreign operations	17	3	15	30	21	10	16
5. Management style required in specific foreign context	16	7	15	30	18	12	12
6. Negotiate across cultures	16	9	12	34	17	10	14
7. Manage partner relations	15	9	11	33	18	9	13

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